Jt C 218-29 (1-5)
" 218-29 (6, 8, 9)
" 218-29 (10, 12)
" 218-29 (11, 13)
" 218-29 (14, 15)
" 218-29 (16, 17)

App.F.IX-4]

1924-5

Jt

File No. 122-24

Serial Nos. 1-05

Previous References.

Jt 225-22 (1-4)

Later references.

Jt 28-25 (1-6)
Jt 122-24 (16)
" 339-26 (1-7)
" 218-29 (1-5) Jt. (8-25)

GENERAL & REVENUE SECRETARIAT

Serial Nos. Fifteen

Part B for July

SUBJECT

Application for a loan from Mon. Gaebelle, Managing Director of the Sri Krishna Gold thread Factory, Bangalore.

Jt 147-8 Jt 4.7.25
To
Dir - I and C (II) Comptroller to
Govt this Jl. Sect.

Sanctions, subject to certain conditions, the grant of a loan of Rs 25000 to the —

Rs

G. R. S. 59] GPB—15,000- 20-12

GENERAL AND REVENUE SECRETARIAT.

1914.

(Miscellaneous)

File No. 658-13

Serial Nos. 1 & 2

Papers Filed.

Month July 1914

SUBJECT.

Measurement and completion bills for clothes purchased for use in the Sri Venkatesvara Swami Temple at Pillangore, Chingleput

PREVIOUS REFERENCES.	LATER REFERENCES.
M. J. 312-12.	
Above Referred 27.10.14	

(1

G. R. S. III-2]

137)

WD 2310—GPB—10,000—51-5-24

General and Revenue Secretariat. | I & C File No. 122 of 1924.

Serial No.	
1	From the Private Secy to H.E. No 838 By 11/9/24 Ts a representation dt 9/9/24 of the Sri Krishna Gold Thread Factory Ltd. Bangalore, requesting the grant of a working capital of Rs 50,000/- for extending its Gold thread business also. The Director's opinion, may, perhaps be called for. Submd for orders wether a draft

Key 16/9

SNR 18/9

Rev Secy 11/9

621/22.9

3

Secy 25/9

2248/26-9-24

To The Director, I & C.

2. Forwards the representation of the Sri Krishna Gold Thread Factory for favour of a report and requests that it may be returned with his reply.

GEN. & REV. SECRETARIAT. 30 SEP 1924 INDUSTRIES & COMMERCE BRANCH.

NOTE—Contin. sheet.

2

G.R.S. III-2]

Dte. File No. 122 of 1924 | General and Revenue Secretariat

From the Director of Dte

Letter No. G.379 G dt 22.10.24,

Serial No.

States that the Sri Krishna Gold Thread factory deserves some help, and suggests that the Bank of Mysore be asked to give a loan on the guarantee of the Dte department.

The Gold Thread factory ask for an advance of Rs. 50,000/- to enable them to work the factory to its fullest capacity. The Director considers it undesirable to sanction a loan to a private Limited Company and suggests that the Bank of Mysore be asked to give a loan on the guarantee of the Department.

This question came up for consideration last year also and the file relating thereto shows that Govt. are not in favour of granting an accommodation of the sort to a Concern owned by Europeans of non-British Stock and as the Bank of Mysore refused to grant a loan to the factory, the question was dropped.

The present request of the factory is therefore for orders.

Lib. 31.10.24.

Dte 12 5.22 (1-4)

In accordance with the recommendation of the Dte, the loan

B20

NOTE—Contn. Shee.

Serial No.

of a Govt loan does not appear to be desirable & Re the assistance to be given by the Mysore Bank to the Bank would take the Consent if Govt are inclined to render any kind of Assistance to the Concern

SMR 3/11

Rev Secy

9

The affairs of the Concern do not seem to be Satisfactory. An application for the compulsory liquidation of the Concern has been filed in the Bangalore Dt Court by one Mr. D. Sebastian Industrial Engr Bangalore Ct No 1-S. and * The same has been listed for hearing by the Dt Judge on 12.11.24. The result may be awaited ~~of the Court~~

* notified in the Daily Post dt 27.10.24 new mysore 28.10.24

7.11.24

Rev Secy

SMR 10/11

640/24-11

11/11

SMR 29/11

NOTE—Cotton sheets.

blw 6

Dft 122-M 2

"J

Sir I Dir among his unstem
demerge & confidentially. invite his
attention to the facts mentioned in his
promissory note in the petn & he may be asked
to ascertain & report to the Court the
Progs. for the Court for the liquidation
of the Concern

27/11 25/11
SAM

Draft Document in the

HKL
26.11.24

Issue
SAM 29/11

To The Director I.T.C.
Dr no 3708 Dt 29.11.24.

Requisition to
ascertain & report the
result of the liquida-
tion proceedings in the
Distt Court.

D.O.

Serial No.

12

Fate Sahib.
The Director has been asked to report the result of our application for the compulsory diabrin of the Concern
Ltd
1-12-24 2-12-24

Rec'd
11

146/3.12

13

Mr Gaekele came to see me a few days back in connection with the appn. The undertaking is no doubt a new one for Cyprus & deserves encouragement. But before expressing any definite opinion regarding the grant of the loan applied for by him I want the following information as to the following points:

i the names of the members of the Private Syndicate who manufacture the concern: The Chief Secretary

ii Share Capital of the concern & the amount actually paid up

iii Do what extent the capital has been utilized & the assets & liabilities of the concern

iv Cost of machinery & the total charges & Working Expenses

146

File No. 122 of 1924

General and Revenue Secretariat.

Serial No.

(3) Whether the loan was required for purchase of machinery or for working capital.

(4) What security will be offered for the loan.

[illegible] the above points [illegible] the D. of I. [illegible]

[illegible]

Draft D.O. submitted.

11-12-24

[illegible] 11/12

Confidential D.O. 3996/12-12-24.

5 Director, I&C.

Calls for certain information re: the Sri Krishna Gold Thread Factory.

GEN. & REV. SECRETARIAT
16 DEC 1924
INDUSTRIES & COMMERCE BRANCH.

General and Revenue Secretariat.

I & C File No. 122 of 1924

Serial No.	
6.	D O No. 585 Dy 24.12.24 from the Director I & C.

Furnishes information regarding the several points referred to above. Asks about the application for the liquidation of the Concern.

15 The Capital of the Concern is 2 Lakhs of which 1½ Lakhs was half has been paid up. The Co. have also borrowed about Rs 50,000. Of these amounts Rs 66,397 has been spent on Machinery & the balance about Rs 1 Lakh has been used as working Capital. The loan now required is partly for installing additional machinery & partly for working capital. The Director has also stated that they have applied for a loan from the Mysore Bank which if sanctioned, the grant of loan by Govt may be kept off. It is also reported that the liquida

NOTE—Contra Sheet

Serial No.

application has been filed by a former employee of the Co. & will not affect the Company in any way.

16. The result of the liquidation proceedings as also the application said to have been made by the Co to Bank (loan) may perhaps be awaited

MM
26/12

17. Refer para 13 ante. It will be seen from the list of Directors & Shareholders that are exact perhaps as to last names of them are outsiders and that no Mysorean is either a Director or a Shareholder—

SM 3/1

Revised

61/5.1 2nd Member

18. Recommend the company's appln to the Bank for loan may be allowed & the assistance withdrawn for the present

SM 5/1 Perfect

SM 6/1

Draft attached

MM
6-1-25

NOTE—Contn. Sheet

Issue
VS
7.1.25

General and Revenue Secretariat. | Dte File No. 122 of 19 24

Serial No.	
7	To the Director Dte 2nd 4537 Dy 8-1-25. Requests him to intimate the result of the application for loan to the Mysore Bank.
8	Do no CC 225 Dy 9-1-25 from the Director Dte. States that the Mysore Bank has agreed to lend the Co Rs 10,000 on certain conditions which are not acceptable to the Company and recommends that a loan of Rs 25000 may be sanctioned repayable in two years, under certain conditions. Do. The Director does not think that the Coy would want the loan for only one year but he recommends that if it be made repayable in 2½ years. It was reported in connection that about Rs 44,000 was available on 1 Oct 24 only Rs 30,000 provided for loans during the current year. Something

NOTE—Contn. Sheet

more should have been spent
by now out of the provision
and if it is for consideration to sanction some as
to this time above out
of the balance

Submitted for orders

10.1.25

21 It is for Consideration if
the Financial Secy may be Consulted in
Case the loan is to be sanctioned
SMR
18/1

Rev Secy / Engineers seem to be
22 necessary as to the nature of
the security for the loan - Information
on this point is not available.
It should be ascertained from
them and any prior charge
secured on the machinery etc
which is proposed to be
hypothecated as security -
The amount as loan is
23 small and it is not
clear why this could not
be raised by Calling up
balance due on the subscribed
Shares -

16/1

NOTE—Contn. Sheet

24/1
16/1

241 3406 3236 12 B193

General and Revenue Secretariat. File No. 122 of 19.

Serial No.

24 This is a new and important industry which deserves every encouragement from the Govt. As observed by the Director in his D.O. of 'Jan.' the concern may look entirely to the State for such encouragement is not forthcoming. I think the Govt. as recommended by the Director a loan of Rs 25,000 repayable in 2 years may be sanctioned in the security of the machinery &c (after satisfying ourselves about the adequacy of its value). Subject to his conclusions meanwhile on the concerning portion of the Director.

Dewan

14/1/25

Rc 14.1

25 Financial Secretary may be consulted.

28 JAN 1925

Rc 9.1

Fit Sy will comply

30/1/25

Fe 1622/24

DEWAN'S OFFICE,
RECD. ON 15 JAN. 1925
Reg. No. 5093

NOTE—Contn. Sheet

Serial No.

24 The Concern appears to have been started in the beginning of 1923 and it has thus been in existence for about two years. The results of its working in this period, reduced to the form of Balance-Sheets and Profit & Loss Accounts are not in the file and I am not, therefore, able to form any opinion regarding its financial position.

25 What exactly is the security on which it is proposed that Government should lend a sum of Rs 25,000 is not clearly stated. Whether it is, machinery or goods - finished or in process - or both - it is necessary to know what encumbrances already exist on these items of property. In the Concern's letter dated 9th September 1924, reference is made to the reserve liability of share-holders amounting to nearly Rs 73,000. As I have stated in another case, such reserve liability is of no value as security for making a loan. One of the statements in the file shows that the Concern has obtained an over-draft of Rs 25,000 from a Bank and a loan of Rs 27,000 from one of the share-holders and its assets must have been offered as security for these loans

26 A perusal of the papers in the file shows that the difficulty experienced by the Concern is not temporary and that any Government assistance, if given, will, in all probability, be required for a long time and it will involve all the risks incidental to a lending business of

Serial No.

this kind.

29 The applicant for accommodation is a Frenchman and almost all the share-holders are outsiders. I do not know what tangible advantage to the State is expected to accrue by helping a business run by outsiders. I think that in the circumstances stated above, it is not advisable for Government to lend any money to this Concern.

30

31

32

NOTE–Contd. Sheet

I&C File No. 1.22 of 19 25

General and Revenue Secretariat.

Serial No.

Fair draft submitted

Dft 13-2-25

To appl

Rec'd 14/2

Appd 16/2

Comm 16/2

5654 / dated 17-2-25

To The Director I&C.

9. With refce to sl 8, Calls for certain information on the Company's encumbrances, ~~and~~ makes certain observations and calls for a detailed report before the end of February.

From the Private Secy to H E - No 3004 dt 23-2-25 - forwards a petition from The Sri Krishna Gold Thread Factory requesting early disposal of their application for loans etc.

The further report called for from the Director (Sl no 9) will be awaited.

Dft 25-2-25

26/2

Gen A

GEN. & REV. DEPTT. 16 FEB 1925 INDUSTRIES & COMM. MADRAS

Gen A.

GEN. & REV. SECRETARIAT 27 FEB 1925 INDUSTRIES & COMMERCE BRANCH

NOTE—Contn. Sheet

APP[illegible]

4880

16

General and Revenue Secretariat.

Jpc File No. 122 of 19 24

Serial No.	
10	From the Dc . or See note 265 D/ March 25. Furnishes the information called for in Serial 9.
	35 To show with upt to the Ft Secy's opinion about the 1 min directions in Para-30.
	Rw dis (1st Mc)
2/11/4.4	36 This may be seen again by the Secy for perusal of the Dc's letter & his further remarks in the light of the addl info furnished by the Dc
	37 H.D. as Copy

Para 38-39

For subsequent action on the subject please see - 5(11).

NOTE—Contn. Sheet

File No. of 19

General and Revenue Secretariat.

Serial No.

L. A. 22]
L. C.
E. C.

WD 2285

17

SUBJ

Ste 122-ms

D 4800

F

40

Serial No.

The mss has been returned to Secy on 11-4-25. The return of the bill will be attended to

The samples 21-4-25 marked by Secy returned to Combustion for Soap custody

To the Office Branch for retaining the two samples.

21.4.25 Recd two sealed packets

G1

Secretariat

22.4.25 Rec'd

22/4

22/4

Secy

23 APR 1925

SEC. & ED. SECRETARIES

INDUSTRIES & COMMERCE BRANCH.

NOTE—Contn. sheet.

WD 2297—GPB—5,000—16-8-24

neral and Revenue Secretariat.

File No. 122 of 1924.

Serial No.

12 Note by 24-4-25 from Mr Galbraith presented to Dewan at an interview asking that at least a lower draft on the Imperial Bank may be allowed in this case.

42 Dewan's order "Application for Govt loan may be put up at once."

25/4

For Secy's note recommending this grant see Para 36 supra.

62/25-4

43 Since I minuted on the file on the 8th inst Mr Galbraith has interviewed the Dewan requesting that one or two of our men in the Govt Treasury should be asked to certain conditions (regarding the preservation of the Security of the treasure) of the loan asked for by him on 22nd inst. (Here the Dewan puts up the copy of Mr Galbraith's letter of 24/4/25 to the Dewan just now received).

44 In the circumstances, in view of the importance of the undesirability of affording every facility to us so that it may not go over the State, I would repeat my previous recommendation for the grant of a loan of Rs ~~[illegible]~~ 25,000 on the terms proposed by the Director of Industries & the conditions about his training ~~[illegible]~~

NOTE—Contn. Sheet 26

Serial No.

our man ~~abscond~~ on account of Mr Gadbelle

Dewan Bahadur for Secy

25/4/25

8/4

7(2417/24

28/4

28/4

From what is stated in the file about this industry, it seems to me that the prospects of its secrets being learnt by the local people and any concern of this kind being started by them ~~appear to be~~ are very remote. As stated in my note dated 2nd February 1925, the difficulty experienced by the present concern is not temporary and ~~the~~ a sum of Rs.25,000 proposed as loan is not likely to meet all its requirements. A sum of about Rs.73,000 is the uncalled capital and it seems to me that the best solution for the Concern of its difficulty is to call up this capital. As a pure loan transaction, I consider that the proposal to advance money to this Concern is not satisfactory. Some help may be afforded to the Concern only if the good expected from it for the state is such as to justify the incurring of some loss on its account by Government.

Sub° for formal orders -

29.4.25

Dewan) meeting urgent

Chief Secy with compts.

30/4

8/4/30/4

29.4.

29/4

GEN. & REVENUE SECRETARIAT 29 APR 1925 INDUSTRIES & COMMERCE DEPARTMENT

Final Note by the First Member of Council.

Subject:—

Application for a loan from Mon. Gaebele, Managing Director of the Sri Krishna Gold Thread Factory, Bangalore.

A private limited liability company by the name of 'The Sri Krishna Gold Thread Factory Ltd' with Mon. F.Gaebele, a Frenchman, as managing director has been started for the manufacture of gold lace in Bangalore City. The capital of the company is two lakhs of rupees consisting of 2000 shares of Rs.100 each. About 1860 shares have been subscribed for, mostly by members belonging to the family of Mon. Gaebele and by some other Frenchmen and a sum of Rs. 106,500 has been already paid up. More than half the paid-up capital (about Rs.66,400) has been invested by the company on plant and machinery and the balance, together with a sum of Rs.51,000/- borrowed from two of the share holders, has been utilized for the purpose of raw materials and for the working expenses. As the industry is new to these parts, the company had had to import skilled labor at a heavy cost from France. For this reason and also owing to the locking up of a considerable portion of the capital by the accumulation of the finished goods, the company has run short of funds and been unable to find the money for working expenses. Mon. Gaebele, the managing director, has, in the circumstances, approached Government with a request for a loan of Rs. 50,000/- on the security of the machinery and the reserve liability (Rs.79,910) of the share-holders to enable the company to get over the present critical situation and help them to establish the industry in the State. The Director of Industries and Commerce who was consulted in the matter, has, for reasons explained in his letter dated 2nd October 1924, reported that the company is deserving of some temporary assistance and recommended their

application for the favourable consideration of Government.

2. When the papers ~~came~~ first came up before me I minuted as follows.-

> 'This is a new and important industry which deserves every encouragement from the Government. As observed by the Director in his D.O. dated 9th January 1925, the concern may pass away from the State, if suitable encouragement is not given to it. I think, therefore, that, as recommended by the Director, a loan of Rs. 25,000/- repayable in two years may be sanctioned on the security of the machinery etc (after satisfying ourselves about the adequacy of its value) subject to the conditions mentioned in the concluding portion of the Director's letter.

3. The Financial Secretary who was consulted in the matter having expressed the opinion that as the company had, during the two years of its existence, been running at a loss, it was not desirable for Government to lend any money to the concern, particularly as all the share-holders were outsiders and as no tangible advantage could be expected to accrue to the State by helping a business run by outsiders

The Director of Industries was, ~~thereupon~~, asked to furnish additional information regarding the actual financial position of the concern with reference ~~to~~ the audited balance sheets, the nature of the security which the company was prepared to furnish and the benefit that the State would derive by encouraging a concern owned and manned entirely by outsiders. In reply, the Director has reported in his letter dated 30th March 1925 that the company offers as security raw materials, finished stock on hand and plant and machinery of the total value of Rs. 67,800/-, after releasing the properties from the existing encumbrances with the help of the loan now asked for by them; that if the company were to fail to repay the loan (which is very unlikely, considering that the promoters have sunk in the concern neary one lakh of rupees of their own money) the machinery which is worth more than the loan amount may be taken over and the operations continued by Government; that the secret of the art of making gold lace is known only to the

French; that though the promoters who are mostly Frenchmen were offered special facilities by the Government of Baroda for opening the factory in that State they have preferred to open it in Bangalore; that the establishment of the factory in the State will serve to introduce an important and new industry into it and give employment to a good number of labourers and that in the circumstances a loan of Rs. 30,000/- may be sanctioned subject to the following conditions.

1. The company should undertake to float a public limited liability company and keep at least 1/3 number of shares to the Mysore public for a fixed period;

2. The assets of the present company should be transferred to the new company at current market rates with the existing loans written off;

3. The company should engage the services of a competent expert and employ, as far as possible, local labour;

4. The Government should have the first charge on the machinery and the reserve share capital;

5. Monthly balance sheets should be submitted to the Director of S&C who should have the option of calling in the Government loan in case of continued loss and

6. There should be a Government Director on the Board till the loan is discharged.

5. Mon. Gaebele who subsequently interviewed the Dewan in connection with the application has agreed to the suggestion made by the Dewan to train one or two of our men in the business subject to certain conditions regarding the preservation of the secret of the industry.

6. The question was discussed at the meeting of the Council held on the 30th April 1925 when it was resolved as follows.-

'A loan of Rs.25,000/- repayable in two years may be given to the company on the security of the plant and machinery on which the loan should be the first charge and on condition that this amount is solely used for operation expenses and not for the discharge of debts and on the further condition that they undertake to train two Mysoreans in the secret processes of the industry, the Government giving the assurance that they

will not start or encourage the starting of a rival firm with information thus obtained'

7. The resolution of the Council may be graciously approved.

Offg: First Member of Council

Camp Satara. 7/5/25.

C.430

25

Submitted to His Highness.

I submit herewith a Final Note by the....FIRST.....

Member of Council on the subject of.....application for a loan from Mon. Gaebele, Managing Director of the Sri krishna Gold Thread Factory, Bangalore,.....

for His Highness' gracious approval.

Dewan.

27/

STATEMENT OF CASES SUBMITTED FOR THE ORDERS OF HIS HIGHNESS THE MAHARAJA DURING THE TOUR OUTSIDE THE STATE IN.....191 .

Serial No.	Subject	Recommendation of Council, ~~if any~~ as the case may be	Dewan's recommendation	Orders of His Highness	Orders regarding submission of files (*vide* foot-note)
611.	Application for a loan, from Mon. Gaebele, Managing Director of the Sri Krishna Gold Thread Factory, Bangalore.	A loan of Rs. 25,000 repayable in two years may be given to the company, subject to certain conditions.	The recommendation of the Council may be graciously approved.	741 appd as the Dn 2/6 Received WD 5 JUN 1925	C

NOTE.—The letter a, b or c may kindly be inserted by the Private Secretary to His Highness in the last column to indicate whether—

File may be submitted at once ... ... a
File may be submitted after His Highness' return ... ... b
File may not be submitted at all c

WD 2222—GPB—500 -9-5-18

29

C430

General and Revenue Secretariat.

Loan application of the Sri Krishna Gold Thread factory.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of

*

His Highness' orders $\frac{\text{before}}{\text{after}}$ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure)

D Ramaswamy

Chief Secretary to Govt.

Through the Secretary to Government.

.....Revenue..Department.

95/6.6 FIRST MEMBER OF COUNCIL. Draft and h be put up for members at once 6/6

9872/6.6.25 SECOND MEMBER OF COUNCIL. 6/6

THIRD MEMBER OF COUNCIL.

As per immediate

NOTE—Contn. sheet.

Mono WD 1190—GPB—500 9-1-23.

Rev. Secy with comps.

6/6/25

G. R. S. 12]

W D 478—GPB—1,000—12-9-18

General and Revenue Secretariat.

File No. 122 of 1925

48 Loan application of the Sri Krishna Gold Thread factory.

Extract from the Proceedings of the Council is put up.

Forwarded, with compliments, to the Financial Secretary to Government, under paragraph 9 * of the Government Order No. G. 17572-8—G. M. 676-17-1, dated 22nd June 1918.

By Order,

Chief Secretary to Government.

1/5/25

*9. (a) If the views expressed by the Financial Secretary in any case, whether original or un-officially referred, are not accepted by the Member of Government in charge, or by the Dewan and Members of Council, as the case may be, the file containing the discussions shall be sent to the Financial Secretary a second time, in order to enable him, in cases in which he considers that the orders proposed to be issued are opposed to financial rules of Government or to recognised financial principles or for other reasons of a financial nature, are open to objection, to record a respectful representation to that effect, which will be placed by the Dewan before His Highness the Maharaja for consideration.

(b) All cases sent to the Financial Secretary under this rule should be treated as immediate and returned to the Department concerned within three days of receipt.

49.

Subd to I Member for final Note.

1.5.25

Final note for Mr

7/5/25

S. N. Subd

Dewan. 11.5.25

50

The proposal may be sent there in the meantime by the Board pending formal sanction

51

Rev Secy writes Compts.

Compt - Depy Do Letter 14.5.25

Rev Secy 15/5

Dft D.O. & app^d 15/5

375/15.5

The Subd Note & the Final Note have been detained for Subd to H.H. & the file returned.

13/5/25

General and Revenue Secretariat.

Itc File No. 122 of 1924

29

Serial No. 53

Mem marked Secy Comp

1000 16/5

Rly

13. To The Director of Itc.

I.C. 7822 Dy 16.5.25.

refe to his 10 & 11 Stats that it is under consideration of Govt to grant the Company a loan of Rs. 25000/- subject to certain conditions and Stats that he may go through the necessary preliminaries in the meantime and requests him to obtain and submit for the approval of Govt the draft of the agreement to be executed by the Company according to those conditions.

Sltn B 25/5

GEN. & REV. SECRETARIAT 18 MAY 1925 14 INDUSTRIES & COMMERCE BRANCH.

From the Director Itc no 265 Dy 30.5.25 forwards for approval the draft agreement with certain remarks:

5,4 The agreement confirms all the conditions mentioned in Sl no 13 above except item no ii below.

5,5 The Director has raised the following points for orders in the connection:-

1. The concern may be allowed to continue on the present basis of a private Limited Liability Company

NOTE—Contn. Sheet B

Serial No.

ii Of the proposed loan of Rs 25,000, Rs 10,000 may be allowed to be utilized for meeting certain ~~other~~ other claims, then working expenses, with the Director's approval.

iii The value of the raw materials, finished goods etc to be furnished as additional Security by the Company, shall not fall below Rs 20,000 (the Company consider that Rs 15000 may be fixed as the limit) and.

iv The appointment of Mr. Gackle's Son as expert adviser of the firm.

5 6 It may also be noted that in the last para of the agreement, a period of 18 years has been Specified for not starting a rival firm in Mysore etc, with the secret knowledge got from the trained pupils.

Submitted for orders.

NOTE—Contn. Sheet

6-6-25

The Dir has sub the agreement

Serial No

to be executed by the firm, for the appl of Govt as called for in this Office D.O. d. 16.5.'25. Kind attention is also invited to the last para of the Dir's letter 30th march '25. wherein he has specified certain conditions that may be insisted upon, in the event of a loan of Rs 30,000/- being advanced to the firm

The main points to be considered in the Agreement are the following

1) The form of the Company.

The original idea was to ask the firm to float their concern into a public limited liability Company wherein, a portion of the shares (say 1/3rd) was to be kept open to the Mysore public, for a fixed period. Mon. Gaebele is not in favour of such conversion, till the factory begins to work on a paying basis. The Dir recommends that the Company may be allowed to continue on its present basis (private limited), for the present. The grounds urged by the Dir & Mon. Gaebele do not seem sufficient for not insisting on this condition. If the concern is to be exclusively for the benefit of the private firm, there is no reason why special concession should be shown to it. The personal ambition of Mon. Gaebele that he would take an early opportunity of converting it into a public company, is perhaps, not enough. If the concern is not floated into a joint stock concern within a definite period (say one year), the loan will have to be called in. to secure

2) The utilisation of the loan amount.

While Rs 10,000/- out of the Rs 25,000/- to be sanctioned may be utilised for the discharge

NOTE—Contn. Sheet

Serial No.

of prior claims, is a point for consideration. The Dist recommends this concession: it may perhaps be allowed, as the present difficulty of the firm, is not merely in respect of meeting working expenses, but prior debts. Cond 2 — May be allowed

3) Cond 5. in the off agreement is for appl: the Dist's suggestion about the Rs 20,000/- limit may be appd. Dist view may be accepted

4) Cond 9. about the insurance of securities offered by the firm is very necessary & may be appd. 1 2.

5) The latter portion of Cond 10. is for orders in view of the point raised regarding item no. 1. above viz. about the conversion of the concern into a public limited Company.

6) Cond 15. in the off agreement agrees that the two persons to be trained in the secret process of the industry will not be allowed to start a rival firm in the State, for a period of 15 years with the information obtained, in favour. The guarantee may be given, in the following terms: that "Govt will not start a rival firm in the Mysore State, for a period of 15 years, with the information obtained." (Please see Council Resol: "they" in it seems to refer to Govt and not to the two persons trained in the factory as mentioned in the off agreement.) The guarantee that is to be given by Govt themselves should be in such terms as to encourage the starting of

The other conditions in the off agreement are suitable & may be appd.

Rev Sec) This order was sent to MD on 21/4 for record. Perhaps it may be communicated to Govt.

NOTE.—Contn. Sheet

S-976

General and Revenue Secretariat.

File No. 122 of 1921-5

Serial No.

as regards the agreement—

51/4.6

1375/

A fair draft of the lease as revised may be put up submitted for approval.

Immediate & Confl.

The draft agreement as revised may be regarded by L & L Secy for purposes

The case should be treated as urgent & the file returned to me by Friday afternoon

18/6 15/6

WCT 18/6.

7.6.21.

Fair draft put up before considering the file to L & L Secy,

dne 18/6/21

In favour of remarks in the draft agreement (Flag N).

L.L. Secy) Repte mrs minutes above.

WCT 19/6

I have gone through the revised draft & find that the Conditions laid down seem to be unobjectionable from the Law.

19.6

1st October Two Months.

358/19.6

19.6

19-6

R.O. from A.S at 4 P.M. 19/6

NOTE—Contn. Sheet

Serial No.

Sri Krishna Gold Thread Fact-

5976

General and Revenue Secretariat.

Ir File No. 4) 182 of 1924-5

Serial No.

for HH sanction please see linked file.

The file was got back from the first Member's Establish-ment yesterday-

A draft G.O. is submitted for approval. For appl-

10/6/25

Rev dy

10/6

The draft agreement may be sent to L.L. Secy for favour of remarks-

10/6,

Rev dy

Fair draft comes + submits-

Flag A refers

12/6

12/6

Fair copy for comparison-

Rev dy

15/6/25

245/15-6

12/6

No. Itn. Sheet

File No. of 19

General and Revenue Secretariat.

Serial No.

NOTE—Contn. Sha

Serial No.

As the Dewan under pay authorising the
allocation by the Company & Rs 1000, on the loan of Rs 25,00
by Govt some previous days. Sanction for some
Extract from the Consl resolution appended
& to be according to which no part of
the loan was to be used for discharge of
debts. It may be submitted for Dewan's
perusal & approval also

Dewan

9/6.

Dewan
Perused & returned
for his approval
Registered & despatched
by 1st mail
Returned

Dewan's perusal
15/6/97

22/6

Draft is perused
on the lines suggested by the Dewan
It may be issued as amended
The papers submitted for Dewan's perusal
(Four drafts) & the opinions
may be placed on the file for convenience
of reference

Please issue

NOTE—Contn. Sheet

Serial No.

H 33-25 / 4.7.25

For financial opinion please see para 14.

Draft & fair copies of G.O.C. Communique herewith.

MH 4/7

Secy 4/7

Secy

Dear Mr. 6/7/25

Secy

To, The Capitalist

H 107 dated 6-7-25

To

The Director of Industries

Bombay

15

Sir,

I am directed to say that the Hindi Factory Co. Ltd. Bombay has applied to Government for a loan of Rs. 1,00,000 under the Bombay Industrial Loans Act, 1922. The Factory is engaged in the manufacture of Hindi Cloth and has been working for the last 3 years. The Company has a paid up capital of Rs. 2,00,000 and has been making profits. The Directors are Messrs. Ramdas Kapoor, Chairman, Shri Krishna Das, Managing Director, Mohan Lal Sharma, Secretary, Gopal Das Agarwal and Hari Om Tandon.

2. The Company has applied for a loan of Rs. 1,00,000 to be secured by a mortgage of the Factory premises and machinery and a hypothecation of the stock-in-trade. The loan is required for the purchase of raw materials and for the extension of the Factory. The Company proposes to repay the loan in two years from the date of disbursement of the amount.

3. The Collector has reported that the Company is solvent and that the security offered is adequate. He has also stated that the Company has been regular in the payment of its dues to Government.

4. I am to request that you will be good enough to examine the application and to submit your recommendations in the matter.

I have the honour to be,

Sir,

Your most obedient servant,

Secretary to Government.

Returned after issue

Draft letter should be issued.

MH 7.7.25

The fair dft to be placed in the file are very hard to read: please put a clean first copy and resubmit. This shd always be done in future.

MH 7/7

Another typed copy is put up with the draft. It has been initialled.

MH 9.7.25

NOTE—Contn. Sheet

5976 (37)

General and Revenue Secretariat. | Ir File No. 122 of 1925

Serial No

Subº of Annual allowance – (Refe
1st's minute above)

Dewan 7 Leg

WW 10/7

WW 13/7

13-7

GEN. & REV. SECRETARIAT
13 JUL 1925
INDUSTRIES & COMMERCE
BRANCH.

NOTE—Contn. Sheet

WD 2119—GPB—10.000—27-4-25

File No. of 19

General and Revenue Secretariat.

Serial No.

NOTE—Contn. Sheet

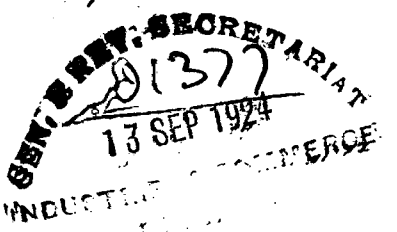
14426

Src 122-24-1

No. 838/1

OFFICE OF THE PRIVATE SECRETARY
TO HIS HIGHNESS THE MAHARAJA OF MYSORE,

Mysore 11.9.1924



Petition, as shown below, to His Highness the Maharaja is transferred to the Secretary to the Government of His Highness the Maharaja of Mysore, Revenue Department, Bangalore, for disposal

By Order,

No. 222 of 24-25

for Private Secretary
to H. H. the Maharaja of Mysore.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to——————

General and Revenue Secretariat

, the ( ) *192* .

Date of issue 26/5/24.

Signed by [illegible]

Section. DC

File No. 122-24

Serial No. 2.

No. DC 2267

To

The Director &c.

Sir,

I am directed to forward herewith for [illegible] a report, a repres from the Sri Krishna Gol Thread Factory, Mt Bo bore, requesting [illegible] a working capital of Rs

The petn may be r with your reply.

I have

Sec.

706

16/9

List of enclosures.

Copied by

Examined by

WD 2245 - GPB—2,000—6-6-24

19433

TELEGRAPHIC ADDRESS "INDUS COM."

In reply please refer to No. G. 379 C

GOVERNMENT OF MYS[redacted],
DEPARTMENT OF INDUSTRIES AND COMMERCE.

Encs 2

GEN. & REV. SECRETARIAT 23 OCT 1924 INDUSTRIES & COMMERCE BRANCH

OFFICE OF THE DIRECTOR,
Dated, Bangalore, the 22nd Octr. *192* 4.

FROM
P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

22 OCT 1924

To

The Secretary to the Government of Mysore,
Revenue Department,
Bangalore.

SIR,

With reference to your letter No. IC. 2248/I & C 122-24 -2 dated 25th September 1924 forwarding a representation from the Managing Agents of the Sri Krishna Gold Thread Factory Limited., Bangalore, asking for a loan of Rs 50,000/-, I have the honor to state as follows -

1 In my letter No. C. 17 dated 19th February 1923, I have made certain recommendations on a similar request made by the firm last year to the Government for ~~certain~~ financial assistance. I enclose a copy of the recommendations made then for your ready refer -ence. The Sri Krishna Gold Thread Company is a Private limited liability Company the chief feature of which is that the bulk of the capital ~~whereof~~ is subscribed by the Gaebelle family and there is no difference between this concern ~~if it had been~~ and one started ~~by them~~ as a partnership concern of their own except that by this - - means their liability becomes limited to the extent of their share capital. A few shares have been taken, I understand, lately by Colonel Raja Jai Prithvi Singh Bahadur of Nepal. Their terms of remuneration &c are such that while there is no objection to such terms so long as they provide the bulk of the capital, a Jointstock company would not readily consent to such a large part of the earn-ings being appropriated by a few people.

3 The Gold Lace industry is a promising one and deserves

some help. The question of starting a Gold Thread Factory in Mysore has been under consideration for a very long time. Sir Alfred Chatterton made a special investigation as to the possibilities of starting the same in Mysore and in this connection he has observed that he made attempts to visit these concerns in Lyons, the centre of Gold Thread manufacture, and found that he could not obtain suitable facilities to visit the same as the industry is treated as a secret one by the French people. This was also my experience. The History of Gold Thread Factories in India is a very interesting one in the sense that all these concerns owe their initiative to French men. The Perambur - Factory has done good work in the past and while it had a French man as its head. As soon as he left, the concern had to be closed. Recently it has been re-started with the aid of a - Frenchman and a local man trained in France in the Industry. The Bombay Government sent two men to undergo training from the Surat Gold Lace Thread Factory in France and they have now start-ed the manufacture in Surat of Gold Lace Thread. It is diffi-cult to state what the future of these concerns will be ~~as~~ determined attempts are being made by those interested in the In-dustry in France to start severe competition. For sometime it is only a concern having substantial French Interests and in - touch with manufacturers in France that can make a success of this industry. There is a concern in Benares which, I under-stand, has also got to do something with French people. So far as it goes with the Sri Krishna Gold Thread Factory, the organisers are Frenchmen and the men employed in the manufacture are a - Family of French-workers who have been specially brought over by Mr. Gaebelle. The chances of the concern being worked success-fully are therefore moreor less assured.

14 They have been handicapped for want of proper finances and all the money that they had appears to have been locked up in machinery and in raw materials intended for the manufacture of imitation and lamette. I do not consider that it would be desir-

able

desirable to sanction a loan to a private limited liability Com -pany. It is just likely that if they float a public limited liability company, it may be possible for them to secure some more capital and the concern would then be under better control than it seems to be at present. If this is done Government may either sanction a loan or give assistance by taking shares. Mr. Gaebelle tells me that he does not want to float a Joint Stock Company till the business is put on a proper basis. It is - worth while rendering them some temporary assistance to get over the present crisis so that the industry may become well establish -ed. The industry will afford employment to a large number of girls who are now employed by the concern.

As the company seems to be seriously handicapped for want of finance and are not willing to float the concern immediately into a public limited liability company, I have the honor to re-affirm my original recommendation made in the above referred to letter and would suggest that the Bank of Mysore be asked to give a loan on the guarantee of the Department on the lines indicated by the Industries Commission in their report. The risk that will be run will not be serious as the loan will be covered by raw material and manufactured goods while it will assure the continuance of the business in the State. The Bank seems to be unwilling to take any risks directly owing to the novel character of the business. The enclosure is herewith returned.

I have the honor to be,

Sir,

Your most obedient servant,

Director.

USC)

(Confidential)letter No.C.17/Enclosure One, dated 19-2-1923, from the Director of Industries and Commerce, to the Secretary to Government, General Department, Bangalore.

I have the honour to forward herewith an application dated the 15th. January 1923 from Mr. F.Gaebele, Managing Director of the Sri Krishna Gold Thread Factory newly established in Bangalore for some financial assistance from Government.

As large quantities of gold thread are utilized in the State and the manufacture of the thread is treated as a great secret by the French Manufacturers it is of great importance for the State to develop this industry. I may mention here that the Bombay Government deputed 2 persons recently and paid Rs.5,000/- for each of them to go to France and study the industry. The factories established in India are not working satisfactorily. When Mons.Gaebele approached me therefore with a request to help him to start the industry in the State, I gave him every facility arranged for a building to start the factory. I also told him that as we were interested in getting such an industry started by local capital and were anxious that our people should get some of the profits he should get some local partners. He has therefore floated a Private Company with a capital of two lakhs of rupees of which Rs.1,60,000 have been subscribed by Mons.Gaebele and his friends and he has reserved Rs.40,000 for the local people. Owing tothe financial stringency and the unwillingness of the people to risk their money in any new enterprise he has not been able to induce any local persons to join him. Meanwhile, the machinery has all been ordered and a part of it has also been received here and work is in progress. He has also secured the services of a French Engineer to proceed with the industry.

All the funds that Mons.Gaebele could raise are now invested in the machinery which has cost him Rs.65,000/- in France and the cost of freight, customs and other charges come to about Rs.10,000/- Out of the Rs.1,60,000/- subscribed by himself and his friends half the amount of each share viz. Rs.50/- has been paid up and thus --- they have collected Rs.80,000/-. The bulk of this amount is now invested in the machinery. Mons. Gaebele and his Brother who is the Mayor of Pondicherry are very well connected. Mons.Gaebele tells me that in order to get additional funds he will have to move funds from France which owing to the present condition of the exchange,

exchange will involve him in very heavy loss and so he wants some temporary assistance to get working expenses. He has found some difficulty in arranging with the Banks as the industry is new. Mons Gaebele considers that for the first six months until the business is properly established he may have a considerable quantity of manufactured goods in his hands and that if forced to sell these, he will have great difficulty in establishing the business.

As far as possible, I have never recommended the grant of any taccavi loans to outsiders and I am strongly of opinion that such assistance should not be given to any industry established by outsiders unless there are some extraordinary reasons. In this particular case there seems to be some special grounds to justify an exception being made. As I have already pointed out, the industry is of great importance to the State. A certain amount of our skill will be utilized and a very useful occupation employing a large class of women and children will be established. Mons. Gaebele does not want any payment in cash, but some assistance to enable him to make arrangements to obtain credit from the Bank. On page 218 of the Report of the Indian Industries Commission, it has been pointed out that one of the chief forms of assistance Indian Industries require is to get working capital in the initial stages and I am of opinion that in the present case Government may render some assistance on the lines recommended by the Indian Industries Commission. If the industry is successfully established in the State it is capable of great development.

We can find out from the invoices etc., the exact amount Mons. Gaebele has spent in getting the machinery. If the amount spent by him is Rs.75,000/- the Government may help him to get a cash credit from the Bank of Mysore to the extent of one-third of the value viz., Rs.25,000/- on the following conditions:-

1) The amount will be a first charge on the machinery and the raw materials purchased. In case of failure to pay the amount the Government to have the right to sell the machinery etc., and recover the amount, as an arrear of land revenue.

2) The /

2) The cash credit will be given only for 18 months after which the Company should make their own arrangements for financing all amounts outstanding at the end of 18 months to be paid in full.

3) The Company should pay interest at one per cent more than the Bank rate of interest.

4) The shares should be kept open for the people of Mysore for a period of 6 months more and the amount of the cash credit --- will be reduced by the amount collected on these shares.

5) The Company will be bound to furnish a full statement of accounts with a Balance Sheet each year and in case a Joint Stock Company is floated one-third of the shares should be made available for the people of Mysore.

6) The factory will employ as far as possible local people and train young men in all branches of the industry except those processes required to be kept secret in the interests of the industry. We may adopt this condition for the present as if the concern is successfully established later on it may not be possible for us to acquire this knowledge.

As the concern is in a position to start work early, I beg that Government orders may be issued within a month. My proposals do not commit Government to any immediate payment nor is there any risk of loss.

" Copy "

Ramachandra Rao
for Director.

SDN).

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna
Gold Thread Factory, Ltd.

TRADE MARK REGISTERED

87, LAL-BAGH ROAD,
Bangalore City, 192 4

OFFICE OF THE PRIVATE SECRETARY
222
10 SEP 1924
TO H.H. 24th Senior MYSORE
THE MAHARAJA OF

Recd -

TO

HIS HIGHNESS SRI KRISHNARAJA WODEYAR BAHADUR, G.C.S.I.,
MAHARAJA OF MYSORE.

MAY IT PLEASE YOUR HIGHNESS,

With a view to develop the Gold Thread Industry in the State, we have registered a Company in Mysore called the Sri Krishna Gold Thread Factory Ltd., with a capital of Two Lacs of Rupees, out of which Rs 1,08,960/- has been actually paid up in addition to which some of the shareholders have advanced a sum of Rs 35,000/-. We now hold machinery of the value of Rs 80,000/-, raw materials and other rolling stock of the value of Rs 45,000/-. In addition to this the reserved liability of the shareholders amount to Rs 72,640/-.

As we had to train the labour, we started with the manufacture of imitation Gold Thread and now we are in a - position to begin the manufacture of real Gold Thread.

There are several favourable conditions for the Industry in Mysore. A good deal of Gold Lace is now consumed by the local artisans and the local requirements alone are - sufficient to absorb the output of a few factories of the - size of our factory. Local silk reeled by improved filatur-

es.

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna
Gold Thread Factory, Ltd.

87, LAL-BAGH ROAD.

Bangalore City..... 192

filatures can be used in the Industry and we have already made arrangements to use this silk as far as possible.

The Gold Thread industry has always been associated with Royal Patronage. It was a flourishing Industry in the middle ages in India and languished and died - out when the highly scientific and specialised process of European manufacturers came into vogue.

We have taken considerable pains to import the best foreign experts from abroad and now employ a family consisting of four persons of the best skill in the industry. Our factory has a capacity of producing about - 30 marcs a day, the cost of making each marc being Rs 44/- so that more than Rs 1,200/- are required to meet each day's working. As the price of each marc is about Rs 55/- to 58/- there is ample margin for profit.

As our shareholders have paid a large portion of their shares which has been invested in the purchase of - machinery and raw materials, we are not able to raise suffi -cient working capital for working expenses.

We approached YOUR HIGHNESS' Government sometime ago with a request for a loan but we have received no orders

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna
Gold Thread Factory, Ltd.

TRADE MARK REGISTERED

87, LAL-BAGH ROAD,

Bangalore City..... 192

orders on the subject as yet. Other Indian States that are interested in this industry which adds to the aesthetic elegances of court life have been offering us attractive terms to shift the industry, but having started in Mysore we desire to persevere here.

If we get an advance of about Rs 50,000/-, we shall be able to work the factory to its fullest capacity. We have a very influential Directorate consisting of some of the leading French Citizens and Col. Raja Jai Prithvi Singh Bahadur of Nepal.

We shall be very grateful to YOUR HIGHNESS if YOUR HIGHNESS commands the grant of suitable assistance to this industry so that it may become firmly established in Mysore and add to the reputation of the State.

We beg to remain,

YOUR HIGHNESS' Most obedient and Humble servants,

35 12

G. R. S. VI–G-32] B50—WD 0527

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat
( )
, the 192

Date of issue 29/11/24.

Signed by

Confidential

Section I & C.
File No. 122-24
Serial No. 4.

D.O. No. I.C 3705

To

Dear Sir

Referring to your letter no Cy 379 D 22/10/24 re The Sri Krishna Cotton Thread Factory Ltd I am desired to invite your attention to the application for the compulsory liquidation of the concern posted for hearing by the District Judge of Bangalore on 12-11-24 (vide Daily Post dated 27-10-24)

over

I am directed to request you to ascertain & report the result of the proceedings in the Court for the liquidation of the concern

Yours truly

29/11

To

The Director P.C.

(4)

G. R. S. VI- G-32]

B50—WD 0527

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat

( )

the 192

Date of issue 12/11/24.

Signed by

confidential

Section Ptc

File No. 122-24

Serial No. 5

P.D. No. C 3296

Dear Sir

In continuation of this office letter No. C 3705 Ptc 122-24 - dt. 29-11-24, I am desired to request you to kindly furnish the following information regarding the Sri Krishna Lead Manufactory Ltd:

1. The names of the members of the Private Syndicate who floated the concern, the total Subscribed Share capital

over

and the amount
actually paid etc.
ii To what extent has
the capital been utilized
on the concern till now for
(a) machinery & other initial
charges &
(b) working expenses
iii whether the loan
now required is for the
purchase of machinery
or for working expenses. &
iv What security will
be offered for the loan.
2. An early reply
is solicited.

Yours Sincerely

SMR
11/12

To The Director I & C

KKK
11-12-24

TEL. ADDRESS
"INDUSCOM, BANGALORE"

CODE USED
"BENTLEYS"

GOVERNMENT OF MYSORE,
DEPARTMENT OF INDUSTRIES AND COMMERCE,
Dated the 23rd. December 1924. BANGALORE.

G. 585-C
Encs 3

MR. P. G. D'SOUZA,
Director of Industries.

IC 122-24-6

Dear Sir Anantaraman

With reference to your D.O.letter No.IC.3996/I&C 122-24-5, dated 12-12-1924, I enclose herein a list of names of the Share-holders of the Sri Krishna Gold Thread Company Ltd. As will be seen therefrom, the bulk of the shares are held by the members of the Gabelle Family. The capital of the concern is 2 lakhs of which Rs.1,06,490 has been paid up. They have also borrowed a sum of Rs.51,000 from two of the share-holders.

As regards the utilization of the share capital, it will be seen from the accompanying assets and liabilities statement that a sum of Rs 66,397/- has been spent on machinery the balance of the share capital collected together with the loan, is used for working expenses. I understand from Monsr Gabelle that the amount of loan now asked for will be utilized to complete the wire drawing machinery that is being installed for which they want about Rs.20,000/- and the surplus for working capital. Their present position is as follows. A good part of their capital is invested on the machinery. The concern requires heavy working capital as the raw materials are costly and the labour charges high. Unless the goods are readily sold there is a chance of a good deal of the capital being locked up and the concern not having sufficient money to meet daily expenses. What they want is --- may have to stop further manufacture temporary accommodation. If they get some money to keep the -- Factory going then they shall be able to realize the goods manufactured and supplement the same. They have applied also for a loan to the Mysore Bank and if the same is granted, the grant of a further loan by Government may be kept in abeyance for some time. As regards the security, they are willing to hypothecate the machinery and also the reserve liability of the Shareholders

As regards

As regards the application filed in the District Court to wind up the Company, on enquiry, I find that the same has been filed by a former employee of the firm on a judgment in his favor for damages on account of termination of contract of services, passed by the Pondicherry Court. The firm have appealed against this judgment to the French Privy Council, and in the meanwhile, the judgment creditor wants to force the Company into liquidation. The application has been posted for hearing this week and I shall communicate to Government the results of this application. Being an individual claim, I do not think that the case will affect the concern in any way.

Yours sincerely

K. V. Anantharaman Esq., B.A.,
Offg. Secretary to Government,
Revenue Department,
Bangalore.

Particulars.	Amount.				
Machinery	66	397	1	2	
Establishment.	15	334	15	8	
Labour	5	272	2	10	
Commission		639	12	0	
Furniture Stric.		258	9	0	
Rent and Taxes.	2	840	8	0	
Postages and Telegrams.		830	15	9	
Stationery and Printing		261	12	6	
Bank Charges.		157	5	11	
Interest Paid.		180	10	0	
General Expenses.	22	897	14	5	
Total Rs.	115	471	11	3	

Bangalore city

Particulars.	Amount				Particulars.	Amount.			
Authorized Share Capital	200	000	..	..	Paid up Share Capital	106	490	..	..
					Reserve Liability of Share Holders.	79	910	..	..
					Unsold Shares.	13	600	..	..
Rs:	200	000	..	..	Rs:	200	000	..	..

Loan Account.	Amount.				Credit & Goods in Stock.	Amount.			
Current Account:	24	566	1	3	Cash		392	9	10
Col: Raja Jai Prithvi Bahadur Singh	27	000	..	..	Bank of Mysore.	3	033	2	9
					Bangalore Bank.		1	10	8
					Stocks: Raw Materials.	14	326	9	0
					Lamettas.	3	019	8	0
					Finished Goods.	13	399	13	6
					Cotton	4	451	3	6
					Store Purchase.	2	461	10	9
					Furniture		174	10	6
					Advance recoverable.		315	0	0
					Suspense.	7	290	0	0
					Loans recoverable.	1	600	0	0
					Amounts recoverable for Goods Supplied to Bombay, Coimbatore & Delhi.	5	190	8	5
Total Rs:	51	566	1	3	Total Rs:	55	656	6	11

81 Note 37

G. R. S. VI–G-32] B50—WD 0527

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat

( )

, the 192 .

Date of issue 8/1/25

Signed by Mac N. Rao

Section 9+C.

File No. 122-24"

Serial No. 7

No. I.C.4537

To The Director 9+C

Sir,

With reference to your letter No. 58S-19 dated 24.12.24 re the Sri Krishna Gold Thread Co Ltd, I am directed to request you to kindly ascertain and intimate the result of the Company's application to the Singapore Bank for a loan.

I have etc

7/1/25

for Secy N.D.

over

Tels.—"Induscom." Codes used A. B. C, 5th Edn; Bentleys.

Confidential

Government of Mysore.

Department of Industries and Commerce.

D.O. No. CC 225

GEN. & REV. SECRETARIAT
10 JAN 1925
INDUSTRIES & COMMERCE BRANCH.

MR. P. G. D'SOUZA,
Director.

Office of the Director,
Bangalore, dated the 9th January 1925.

Dear Mr. Srinivasamurthy

With reference to my letter No: G.585/C dated 24th Decr: 1924, regarding the grant of loan to the Sri Krishna Gold Thread Factory, I find that the Bank of Mysore has offered them Rs. 10,000/= if they are prepared to give them entire machinery, stock etc., as security and the Directors in addition agree to be personally responsible for the amount. In case the concern were to take this accommodation it will be impossible for them to continue the work as the amount proposed to be given is quite insufficient and the conditions attached thereto will render it impossible for them to obtain any further financial accommodation anywhere else. The proposal made by the Bank shows that it has not much interest in financing industrial concerns and the conditions are such as would not allow much facility for the industry to go on. It was in view of the difficulty to arrange for such finance with Banks that the policy of the Takavi loans for industrial purposes was inaugurated and the Industrial Commission has strongly recommended that current finance should be provided by some sort of guarantee (Vide Page No: 218 Para: 29 of the Report of the Industrial Commission).

It is very desirable to encourage the development of a Gold

Gold Thread Industry in the State. In the first place there is a good local market. In the second place the concern will be able to utilise some of the finer varieties of Mysore Silk. It will also provide good employment to middle class women. The demand for gold lace is sufficient to absorb the output of a much larger factory. It was with this object that I induced the promoters ~~Principals~~ of the concern to start the business here.

If we were to make any independent attempt to start the industry here even if we should succeed we are likely to lose thousands of rupees in the attempt. I am also doubtful of our being able to get suitable machinery and also the services of an expert as the industry is practically monopolized by the City of Lyons and the persons engaged in the industry and the French Government are exceedingly jealous of any attempts in other places to start the industry. The concern has been partly financed by Frenchmen settled in India who have therefore been able to secure the machinery and the necessary expert help. Unless Government come to the help of this concern it may not be able to tide over its present - - difficulties and it may eventually result in the passing away of the concern from the State. They have been able to secure an Agent to take all their output. The loan is required for only one year by which time the promoters expect to show sufficiently good results to be able to float a Joint Stock Company. I beg to recommend therefore that Government may be pleased to sanction a loan of

X about

about Rs. 25,000/= to this concern on the security of the machinery repayable in two years' time subject to the condition that if the concern is not floated into a Joint Stock Concern within one year's time the loan will be immediately called in and that at least one third of the shares are reserved for the people of the State.

Yours sincerely

Sd/- G.B.

K. R. Sreenivasa Iyengar, Esq., M.A.,
Second Member of Council,
B a n g a l o r e.

BV.

gpc 122-24-9

Confidential

25 No I.C.5654

The Director of Industries and
Commerce in Mysore.

Sir,

With reference to your D.O: No.C.C. 225 dated 9th January 1925 regarding the grant of loan to the Sri Krishna Gold -- Thread Factory, I am directed to state that Govt. are not able to form any opinion re. the financial position of the factory, in the absence of Balance Sheets and Profit and Loss Accounts showing the results of its working during the past [illegible] years and more. It is not clear from your report as to what security exactly is -- offered by the factory for the loan recommended to Govt. It is necessary to know whether there are any previous -- encrumbances on the several items of property offered as security. Govt. are not in favour of accepting reserve liabilities of share-holders of the concern as security for giving a loan. It is seen from the papers in the file, that the -- Company has already obtained an over-draft of Rs.25,000 from a Bank and a loan of Rs.27,000 from one of the share-holders and its assets must have been offered as security for these loans. Information may/be kindly furnished on this point.

Dated 17/2/25

Signed V.V. Sgn.

by sgn.

2. The applicant for the loan Mr.F. ~~Cabelle~~ Gaebele is a Frenchman and almost all -- the share-holders are outsiders. It is not clear what tangible advantage to the State is expected to accrue by helping

a business run by outsiders.

I am writing to request you to send the details required, before the end of this month.

Revenue Secretary.

G. R. S. VI—G/32]

Confl. 97

SUBJECT.....

.....

.....

Diary No. of letter replied to——————

General and Revenue Secretariat

( )

the *191*

Date of issue——————

Signed by——————

Section I+C

File No. 122-24

Serial No.

No.

To The Director, I+C

Sir

With reference to your D.O. No. C.C. 225 dt. 9.1.25 re. the grant of loan to the Sri Krishna Coir Thread Factory, I am directed to request you to kindly state what exactly is the security in which

over.

State that Govt are not able to form any opinion re. the financial position of the factory, in the absence of Balance Sheet + Profit + Loss A/c showing the results of its working during the past two years + more. It is not clear from your report as to what security exactly is offered by the factory for the loan recommended to Govt. It is necessary to know whether there are any prior encumbrances on the several items of property offered as security.

The loan of Rs 25,000
is now proposed to be
granted of the factory,
whether it is machinery
or goods - finished or
in process - or both
and whether any
encumbrances already
exist on these items
of property. Govt are
not in favour of accepting
reserve liabilities of
Share holders of the
Company as Security
for giving a loan.
It is seen from the papers in the file,
that the Company has already
obtained an over-draft
of Rs 25,000 from a Bank
and a loan of Rs 7,000
from one of the Directors
and its assets must
have been offered as
Security for these loans

List of enclosures.

Copied by

Examined by

R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

29 857

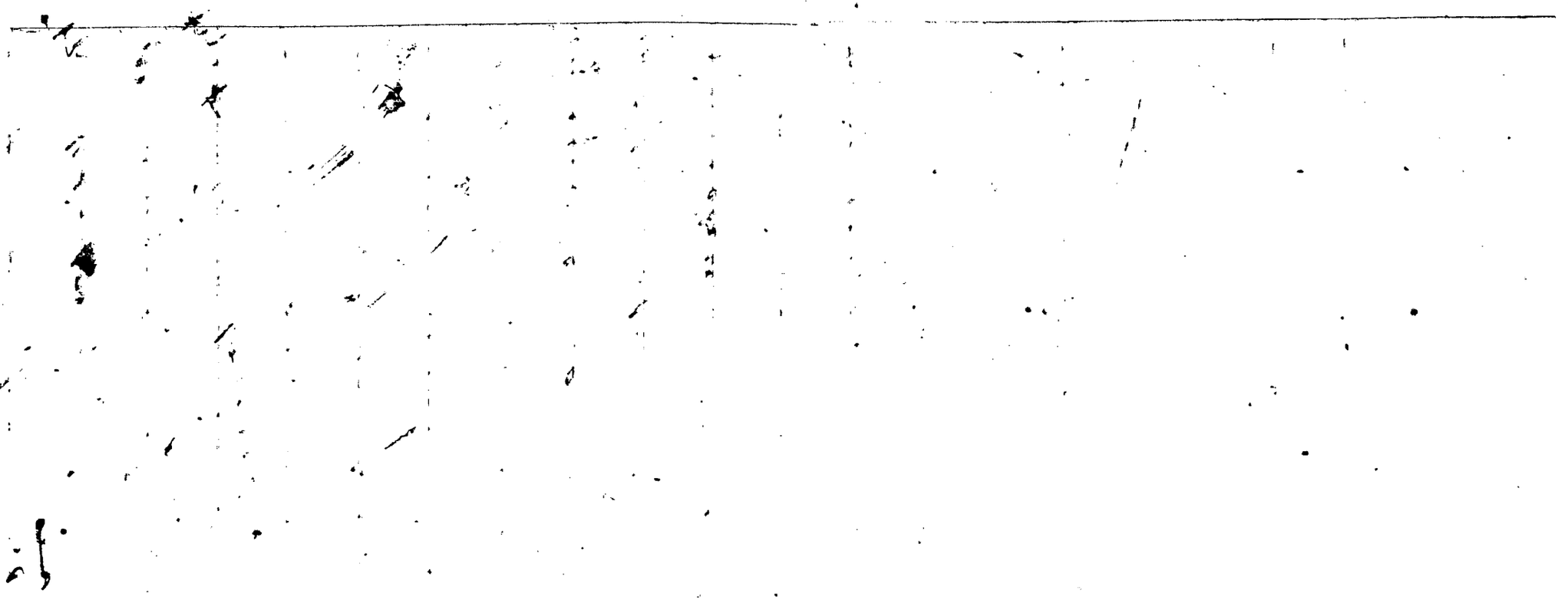
Information must be kindly furnished on this point

2. The applicant Mr Gadkar for the loan is a Parsi banker and almost all the share holders are outsiders It is not clear what tangible advantage to the State is expected to accrue by keeping a business firm by outsiders

Thanks &c

Secy. Rev. Dept

WD 2230—GPB—1,00,000—23-7-20



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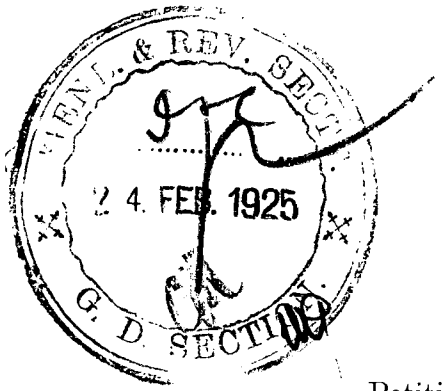
No. 3004



OFFICE OF THE PRIVATE SECRETARY
TO HIS HIGHNESS THE MAHARAJA OF MYSORE,

Mysore 23. 2. 1925.

I & C 122-24-R

Petition, as shown below, to His Highness the Maharaja is transferred to the Chief Secretary to the Government of His Highness the Maharaja of Mysore, ~~Department,~~ Bangalore, for disposal

By Order,

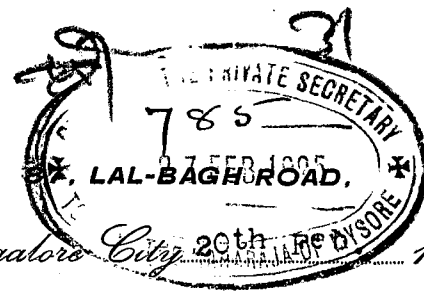
No. 785 of 1924-25

Private Secretary
to H. H. the Maharaja of Mysore.

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna
Gold Thread Factory, Ltd.

TRADE MARK REGISTERED



Bangalore City 20th Feb 1925

To

Amin-Ul-Mulk. Mirza Md. Ismail B. A., C. I. E., O. B. E.,

Private Secretary to H. H. the Maharaja of Mysore.

MYSORE.

Honoured Sir,

When we were honoured with your kind visit to our Factory, we explained to you, that we had applied to the Govt: of His Highness the Maharaja of Mysore, for a loan of Rs 50,000/- to permit us to extend our business and also to repay certain loans, which we had for short periods and which are now reclaimed.

As you ascertained yourself and also you are aware of the soundness of our new Industry for India, we approach now to inform you that till now we have not had any definite information, that the help which we asked for, would be granted to us, although we know as a matter of fact, that the Director of Industries and Commerce has after a careful investigation has given favourable advise.

We also represented to you, that we had still 146 shares left unsold and that we should be glad to see, that any member of His Highness's Royal Family to take interest to be one of the Board of our Directorate.

We hope, that we shall be excused for having encroached upon your precious time, but, knowing your generous disposition, we expect you will help us in having our request complied with

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna
Gold Thread Factory, Ltd.

TRADE MARK
REGISTERED

87, LAL-BAGH ROAD,
Bangalore City 192

with in time.

we beg to remain,
Honoured Sir,
your most obedient servants,

MANAGING DIRECTOR.

TELEGRAPHIC ADDRESS "INDUS COM."

In reply please refer to
No. CC 245

GOVERNMENT OF MYSORE,
DEPARTMENT OF INDUSTRIES AND COMMERCE.

Confidential.
Encl. Three.

GEN. & REV. SECRETARIAT
1-APR 1925
INDUSTRIES & COMMERCE
BRANCH.

OFFICE OF THE DIRECTOR,

Dated, Bangalore, the.....March...*192* 5

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

Rep

To

The Secretary to the Government of Mysore,
Revenue Department,
B a n g a l o r e.

Ind C 122-24-10.

SIR,

With reference to your letter No. IC. 5654 I & C 122-24-9 dated the 17th February 1925, I have the honor to state - that I enclose the Balance sheets furnished by the Company, to - gether with an explanatory letter. It will be seen therefrom that the Company has so far sustained a net loss of Rs. 53,902/-. The reasons for this heavy loss are given in the letter. The Company is yet in its infancy and has had to overcome consider- able initial difficulties. The Industry is more or less prac- tically new to India. The training of labour took considerable time. They had originally got out an Expert from Europe bet- ween whom and the Company there were differences before the erec - tion of the machinery was completed, and the expert had to - leave them. The Company had to wait for nearly six months be- fore they could get another expert from France. The Company was first engaged in the manufacture of imitation lace for which the demand suddenly ceased and they had to concentrate their at- tention on the production of real lace. They have no difficul- ty in selling this lace.

2. Making allowance for all these causes, it must be ad- mitted that the losses are somewhat heavy. The cost of manufac - ture has been considerably reduced and if the Company has not to make up these losses and can attain a high standard of manu- facture its prospects are good. The business requires conside

able

considerable working capital as the raw materials used such as silk, silver, etc., are very costly. They are therefore not able to increase the manufacture so as to cope with the demand owing to want of working capital. The working capital has so far been provided by the Directors from their other - resources inaddition to the capital they have put into the machinery etc., but they are not able to provide more funds. They have had to construct a special electric battery and they have now completed all these arrangements. The first manufacture of real gold thread has only been recently put on the market, and has been well received. It would therefore be not possible or fair to judge of the prospects of the company from its working hitherto. I may however mention, that in case the concern possesses the secret of manufacturing Gold ~~thread~~ lace - and this they seem to have obtained by - securing a Frenchman owning a Factory in Lyons on a profit sharing basis - there is a large margin for profit as the selling price of the gold lace is about three times the actual cost of manufacture.

3. The security the Company propose offering consists of the plant andmachinery, raw materials and finished stock on hand. The value of this according to the valuation made by them comes up to Rs. 67,773-8-7. The Company has secured an overdraft of only Rs 10,000/- from the Bank of Mysore and that only on the security of the stock-in-trade and the personal liability of the Directors, two of the Directors have advanced money, to one of whom the plant is offered as a security. If the Rs.50,000/- loan they have asked for is given, they intend discharging all these liabilities and give the - Government the prior mortgage. Even in case Rs. 25,000/- loan recommended by me is given, we can obtain a first mortgage on the machinery which is not secured to the Bank and as a part of the amount will be utilised on discharging the loan to the Bank, we can get the additional security given to the Mysore Bank. It is very difficult to obtain from Europe machinery required for such special industries and even if the machinery

machinery is sold every difficulty is placed in the way of work -ing it. The Perambur Gold Lace Thread Factory which was open -ed about 12 years ago, had to be closed as soon as the French- man that started it left and it was lying closed until recently when another Frenchman had to be brought to restart it. The promoters of the concern have sunk nearly a Lakh of Rupees in it and they are not likely to let the concern slip from their hands by failing to pay the Government loan, but even should this - contingency happen, the machinery will be worth more than what the Government have advanced and as some local labour has been trained there will be no difficulty in running the factory, the more so as certain Frenchmen are now available as Experts.

4. It is no doubt true that the applicant and many of the members of the concern are Frenchmen and are residents of Pondi -cherry. The reason for this is that the company is a private limited liability company and naturally the first members will have to be members of the family of the promoter and his friends, as no invitation to subscribe can be issued by a private company. They did their best to enlist local capital, but owing to the general depression and the novel character of the industry, their efforts have not been successful. I have already stated that the Gold lace manufacturing industry is entirely in the hands of Frenchmen and no concern could be started or worked successfully without their initiative or aid. There are only two other con- cerns of the kind started in India and these are also run by Frenchmen who have a substantial interest. With a view to de- velop this industry, in Surat, which also uses Gold lace on a large scale like Bangalore, the Government of Bombay gave liberal scholarships to two persons in Bombay, but they have returned - without learning much and not been able to do anything to start the industry. The mere fact that a company is promoted by foreign -ers should not stand in the way of financial assistance being given to the Industry provided we are satisfied that the industry is one that deserves help. I may add that the in the Imperial Legislative Assembly when the question of grant of bounties to certain specific industries was discussed, the general trend of

opinion was that so long as a company was floated on the rupee basis no restriction as to the nationality of the members of the firm should be imposed. In this present case the industry is one of sufficient importance to warrant the grant of special facilities. In Mysore the consumption of Gold Lace by our handloom weavers is considerable and the trade in the commodity in Mysore and the neighbouring parts of British India will warrant the assistance proposed to be given. In fact the consumption of Gold lace in the Bangalore City alone will absorb the output of factory three times the size. The Government of Baroda offered special facilities for starting the concern in Baroda realising the importance of the Industry, but the promoters preferred to remain in Bangalore.

5. The idea of the promoters of the concern is to float a public limited liability company as soon as the business is properly developed as they do not want to go to the public with a proposition based on mere promises. When the public company is floated a good portion of the shares will be available to the local people. The industry affords employment to a large number of women. It is desirable therefore in public interests to give the concern every facility and assistance so that it may be developed into a local industry. One of the Industries that was proposed to be started by Government as soon as the Economic Conference was started was the manufacture of Gold Lace Thread. Sir Alfred Chatterton made detailed investigations and was of opinion that the industry could not be started without the aid of Frenchmen. That was also the conclusion I was driven to as Foreigners are not allowed to go near these factories even in Lyons. I took special interest in inducing the promoters to come and start the factory here, helped them to get a suitable building and gave them all preliminary assistance realising many of the ultimate advantages of having an Industry of this character in the State. I am strongly of opinion that Government should take some little risk in the case of new industries and as all that the concern wants is assistance to get additional working capital, it would not be good policy not to give this assistance at a critical stage as by

by such assistance we assure ourselves that the industry will be properly established in the State and that as soon as it is profitably established a public company will be floated in which the Government and the people can have a substantial interest. But at the same time I realise that special precautions are necessary to see that the money is utilised not in wiping off past losses or paying other debts but in expanding the concern. The present members of the concern are willing to have a Government Director on and bind themselves to reserve a certain number of shares to the local people as soon as a public company is floated.

I have in my letter No. 379/C dated the 22nd October 1924 stated that the loan may be granted if the company undertakes to float their concern into a public limited liability company and keeps a portion of the shares open to the Mysore public for a fix-ed period. This may be insisted upon and the following extra conditions may be imposed.

i) When a new company is floated the assets of the present company should be transferred to the new company at current market prices and all existing losses written off, i.e., borne by the present promoters of the company.

ii) The company should engage the services of a competent expert and employ as far as possible local people.

iii) At least one third of the shares should be made available to the local people.

iv) The Government loan will be a first charge on the machinery etc and the reserve share capital.

v) A monthly Balance sheet should be submitted to the Director of Industries who should have the option of calling in the Government loan in case of continued losses.

and vi) Till the Government loan is discharged there should be a Government Director on the Board.

On these conditions a sum of Rs.30,000 may be advanced.

I have the honor to be,
Sir,
Your most obedient servant,

Director.

USC)

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna
Gold Thread Factory, Ltd.

TRADE MARK REGISTERED

87, LAL-BAGH ROAD,

Bangalore City 20th March 192 5

OFFICE OF THE DIRECTOR OF INDUSTRIES & COMMERCE IN MYSORE
Rec'd
20 MAR. 1925
BANGALORE.

To

The Director of Industries and Commerce
in Mysore.
Bangalore City.

Dear Sir,

We have the pleasure to send you, herewith enclosed, original and duplicate of our Balance Sheet, from the start of the Factory up to the 31st December '24, together with a profit and loss and a gross profit account for the same period.

You will note that considerable loss we have sustained. Although, it must be expected in every new business, like ours, that the first years cannot be profitable, we had moreover, extraordinary bad luck and abnormal troubles and that too, in its initial stage.

1. With our first expert who misbehaved and misled us by closing the mill and refusing to start the work at a time, when market was favourable.

2. With the drop of exchange and the heavy German competition we had to fight against, when we wanted to sell our Imitation threads in the northern market.

3. The considerable training we had to give to the indian labour we are employing now.

4. With the 6 months (June to December) we lost in having to change our manufacturing from imitation to half fine. During that time we could not expect to make profits before all changes were made and labour skilled

TEL. ADDRESS: "GOLDTHREAD."

● Sri Krishna
Gold Thread Factory, Ltd.

87, LAL-BAGH ROAD,

Bangalore City..... 192

Continued.

In one word all the loss sustained can be found under the following headings:-

Rent from August 22 to December '24	Rs.	7000- 0- 0.
Deposit.		500- 0- 0.
Labour Wages. " " " "		5927- 6- 7.
Establishments. " " "		16765- 4- 1.
General Expenses " " "		24175-14-11.
Total:		54368- 11- 7.

It is only since the beginning of this year that we start earning some profits, as we are working with all our power.

Our ten frames working only in half fine, the nett profit we can expect can be calculated as follows:-

Imitation Silver wire per Kgs. of thread	6- 2- 6.
Cost of Cotton " " " "	2-11- 3.
Guilding. " " " "	8- 0- 0.
Establishment, Genl Expenses, Labour & current. Rs 3000/- per month of 25 days	10- 0- 0.
Total Cost per Kilo	26-13- 9.

One kilo is equal to four bundles, so one bundle costs

26-13- 9 : 4 = Rs: 6/11.

Ten machines will produce 46 bundles costing us Rs 6/11 each, sale price being Rs 9/- nett, this leaves a daily profit of Rs 105/- or yearly Rs 31,700/-.

TEL. ADDRESS: "GOLDTHREAD."

● Sri Krishna
Gold Thread Factory, Ltd.

TRADE MARK REGISTERED

87, LAL-BAGH ROAD,

Bangalore City 192

continued.

As we are about and ready to work in fine, we can expect a profit of Rs 13/- per bundle, which shall give us a yearly nett profit of Rs 89,000/- as we shall have the same production as in half fine.

Yours faithfully,

Krishna

Original

Sri Krishna Gold Thread Factory Ltd Bangalore City

Balance Sheet as on 31st December 1924.

Capital & Liabilities	Amount			Total			Assets & Property	Amount			Total		
Authorised Share Capital				200000	.	.	Machinery				67773	8	7
Subscribed " "				181400	.	.	Stock on hand						
							Raw Materials	20222	1	4			
Paid up Share Capital				108840	.	.	Store Purchases	276	11	2			
Col Raja Jai Prithvi Bahadur Sing Loan A/c	23000						Finished Goods	9401	15	-	29900	11	6
Interest on —	821	2	1	23821	2	1	Furniture				178	10	6
							Dues by Shareholders and others:						
Outstanding Bills Payable				4495	4	1	Current Accounts	3272	8	.			
							Share Account	1390	.	.			
Current Accounts				29528	1	10	Loan Account	1632	4	.	6294	12	.
							Bills Receivable				5568	6	2
							Suspense A/c				2485	.	.
							Advances recoverable				315	-	-
							Cash & Bank Balances						
							Cash on hand	161	.	8			
							" with Bank of Mysore in current A/c	103	11	.			
							" Bangalore Bank	1	10	8	266	6	4
							Net Loss				53902	"	11
			Rs	166684	8	.				Rs	166684	8	.

Certified that this Balance Sheet has been examined with the books of the Company and that it has been drawn up so as to exhibit the true and correct view of the affairs of the Company as on 31st December 1924.

Bangalore
19th March 1925

M. S. Sundararajaiengar
Auditor

Managing Director

General Goods Account

Particulars	Debit				Particulars	Credit			
Value of Raw materials used for the manufacture of goods	32	336	1	8	Amount Realised by the sale of General Goods	24	594	9	2
					Stock of General goods on hand on 31st December 1924.	9	401	15	.
Gross Profit	1	660	6	6					
₹	33	996	8	2	₹	33	996	8	2

True extract from the Ledger

K. Srinivasa Iyengar
Auditor

MANAGING DIRECTOR
SRI KRISHNA GOLD THREAD FACTORY LTD.

43

TELEGRAPHIC ADDRESS: "INDUSCOM"

In reply please refer to
No. CC: 255

Encl: 4 Receipts
2 Gold threads
1 envelope

GOVERNMENT OF MYSORE,
DEPARTMENT OF INDUSTRIES AND COMMERCE.

OFFICE OF THE DIRECTOR,

Dated Bangalore, the 16th April *1925.*

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

SECRETARIAT GEN 20545 16 APR 1925 INDUSTRIES & COMMERCE BRANCH

To

The Secretary to the Government of Mysore,
Revenue Department,
Bangalore.

SIR,

I & C 122-24-11

In continuation of this officeletter No. CC. 245 of the 28th March 1925, I have the honor to forward herewith copy of a communication received by me from the Managing Director, Sri - Krishna Gold Thread Factory Ltd., and to state that there is no doubt that if the industry is worked efficiently there is good margin for profit which may enable the concern to recoup the past losses. I am sending herewith samples of lace manufactured and samples of imported lace & braid for your comparison

I have the honor to be,
Sir,
Your most obedient servant,

DIRECTOR.

USC)

Submitted for information - The sealed packets (2) contain lace, are sent herewith -

438/18 I M)

When an interview proper reply to be sent

This may be put up with Urgent. Put up U/S

21-4.

COPY OF LETTER DATED THE 15th APRIL 1925 FROM THE MANAGIN. DIRECTOR, SRI KRISHNA GOLD THREAD FACTORY LTD., BANGALORE TO THE DIRECTOR OF INDUSTRIES AND COMMERCE IN MYSORE, BANGALORE

We had the honor to submit to you sometime back a statement of account of the above company which showed a debit balance of Rs. 53,000/- and odd and wish to give you here below an explanation which we request you to treat very confidentially and submit to Government.

The main reasons for the loss in the concern at the commencement are the following -

1. Owing to the great technical experience required in the manufacture of Gold Thread, the Company had to secure the help of an expert from France, (This is extremely difficult) but as one Mr. P. Chartron, proposed himself as an Expert, the company was very pleased to engage his services on a monthly salary of 2,000 frcs or Rs. 360/- at the then rate of exchange and on arrival of the Expert in India the company to gain his favour raised his salary to Rs. 660/- without Mr. Chartron ask -ing for it, the machinery being erected by Mr. Gaebele, the actual managing Director and at the moment of starting Mr. Paul Chartron judging himself indispensable claimed Rs. 2,000 per month which was granted to him. Unfortunately and for reasons unknown to us Mr. Paul Chartron after having obtained all his requests closed the mill on the 3rd April 1923 without manufacturing ~~an~~ even an ounce of goods. From this default the company suffered losses as House rent, establishment - - (Salary of Mr. Chartron), his travelling expenses from France were all in vain.

2. As the Company had to engage another expert from France the Mill had to be closed upto the month of November 3rd, 1923 the date of arrival of Mr. Million in Bangalore.

3. Mr. Million on seeing the machinery found them unwork- able without numerous alterations and made several alterations which were completed only in February 1924.

4. The Company then started to manufacture imitation Gold

Thread for which Mr. Chartron had bought raw materials for six months to come (these were paid for in 1923 at very unfavourable exchange) and when the manufactured goods were placed on the market, the drop in the exchange and the german competition made it impossible to dispose of the manufactured article. Then the Company decided to stop the manufacture of imitation (September 1924) and to proceed with fine and half-fine. Once more the machinery had to be altered for this and the drawing plant installed. In addition to these difficulties, we had to meet another serious difficulty viz., getting the cotton Thread, as Franch was supplying us with very bad quality and so we had to order it from Manchester. There was also a lot of experimenting of silk necessary (degumming and twisting) and we can say that we are now quite ready to start working five reels in fine and five in half-fine and at this rate we shall be able to produce 20 bundles of fine and 30 bundles of half-fine daily which will leave a profit as per statement attached.

The cost of manufacturing -

House rent	Rs.	250
Power		150
Labour		550
Establishment		295
Manufacturing & Managing Director		750
Extras		95
		2,000 per month

making Rs. 200/- per reel per month.

In any new concern of this kind it is but natural that serious difficulties should be encountered at the outset. The Industry is entirely new to India. Experts are very scarce and very unwilling to impart their knowledge. Labour has to be trained entirely from the beginning. Elaborate experiments are necessary before the question of treating the materials - satisfactorily having regard to the difference in climate, differ -ence in qualities of silk and other raw materials can be solved We have got over all these difficulties and have now reached a stage when we can say with confidence that we can manufacture half-fine and fine gold lace of even a better standard than the

ones imported from Europe, at a price which ~~kea~~ will leave us a good margin of profit. As the commodities we manufacture are -sold as soon as they are manufactured we only want working capital to last for six weeks and if Goverrment grant us the necessary assistance we feel confident that we shall be able to work all the reels and pay back the loan within one year. We are prepared to furnish a monthly manufacturing account to show the exact position of the concern confidentially to you till the Government debt is adjusted.

" COPY "

Yours faithfully

COST OF HALF-FINE 1,200 Yds.

Imitation silver wire	...	Rs	8 per K
Special Cotton	...		17 "

To make 1 Kilo of lace we require	770 Gramms of wire	Rs	6.90
	300 " Cotton		5.00
Manufacturing cost	...		9.00
Gilding	...		8.40
Packing&extra	...		0.70
	One Kilo cost	Rs	30.00

One Kilo makes four bundles - So a bundle costs = 30 ÷ 4 or 7/8

Our production being 40 bundles a day - Sale price Rs 9/8

Profit Rs 2/- per bundle = Rs 80/- per day or Rs 2,000/- a month or Rs 24,000/- per year.

COST PRICE OF REAL GOLD THREAD - 1,200 Yards.

Cost of silver wire Rs 119/- per 100 Tolas per kilo Rs 102/-.

To make 1 Kilo of lace we require	770 Grammes of silver	Rs	78	8	0
" "	300 Silk	Rs	14	0	0
Dyeing of Silk and wastage			2	0	0
Manufacturing cost @ Rs 12/- per reel per day			12	0	0
Gilding cost per kilo			29	0	0
Packing ties etc.,			1	0	0
	Total Rs ...		136	8	0

One Kilo to four marcs - so one marc cost us - Rs 136-8-0 ÷ 4 = 34/2

Production per reel one -Kilo - working with ten reels, daily out-turn is 10 kilos or 40 marcs. We can easily expect a profit of Rs 10/- per marc, so daily profit would be Rs 400/- or Rs 10,000/- per mensem.

Copy

Director

TEL. ADDRESS: "GOLDTHREAD."

Sri Krishna Gold Thread Factory, Ltd.

87, LAL-BAGH RO

Bangalore City 192

GEN. SECRETARIAT
24 APR 1925
INDUSTRIES & COMMERCE
BRANCH.

Note. I & C 122-24-12.

In our letter to the Director of Industries and Commerce, we showed our actual position and the reason, why we prayed for Government finance assistance.

We may add that the principle Cause of the long delay to make our real Gold thread was the bringing up of the Mysore Silk to the Same finish as the Japanese and French Silk; it is only since a fortnight that we have succeeded in equiping ourselves with all the Machinery and now there is no more fear, about the profit, which we showed in our Statement to the Director of Industries and Commerce, Save the question of finance.

We have in Stock, enough raw material in half fine thread to work eight Machines till the end of the year 1925, which will leave us Cash balance of at-least Rs 7500/-

As for the real we are at present getting our Supply of fine finished wire from Benares for which we pay Re 1/3 per tola. Our Drawing plant to make our fine Silver wire will be finished in one Month's time and then the Same wire will Cost us only 14 annas a tola. Using 400 tolas a day, an excedent in profit of Rs: 125/- will result.

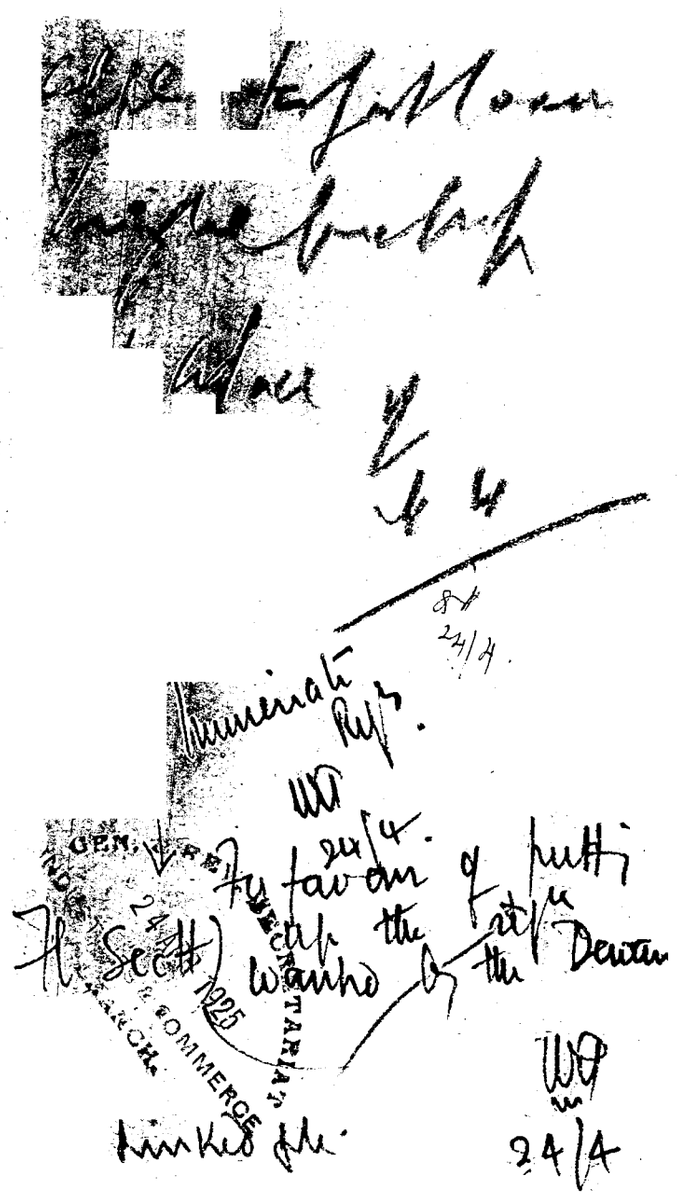
Should for any reason the Government be not pleased to grant us the full amount applied for, we humbly request them to recommend us for an over-draft in the Bank of Mysore Ltd., for the difference.

MEMO. OF INTERVIEW WITH THE DEWAN

Friday 24 APR 1925 192

Name of Interviewer—

Representation in brief—



D.O.No.M.C.469/En.1.

DEWAN OF MYSORE

BALLABROOIE,
HIGH GROUND,
BANGALORE.
25th April 1925.

My dear Mr.Srinivasiengar,

Mr.Galbele of Sri Krishna Gold Thread Factory interviewed me yesterday and wanted the disbursement of the loan applied for by the Firm. In the course of conversation, I pressed the necessity of training some of our people in the secret of the gold thread business and he has sent me a letter, copy of which is enclosed. Will you kindly get back the file from the Council Section and give your final opinion so that the matter may be disposed of by circulation, if necessary.

Yours sincerely,

K.R.Srinivasiengar, Esq., M.A.,
Member of Council.

The file related to the case may be sent to me for perusal.
E/U
25/4.
25/4.
Returned with thanks
Submitted with the file
28/4

Copy of letter dated 14th April 1885, from the Managing Director, Sri Krishna Gold Thread Factory, Ltd. 87 Lal-Bagh Road, Bangalore, to the Dewan of Mysore.

.....

In continuation of the conversation out Mr. F. Galvele had the honour to have with you this morning we agree:

That in the event of the Government granting us the loan of Rs. 50,000 applied for, by this Company, the Company is prepared to accept one or two officials to be trained in the manufacturing of the Gold Lace, provided that the Government guarantee us, that these persons should not at any time divulge the secrets, they will have learned, nor assist, directly or indirectly, any firm or persons who subsequently may try to start a business on the same lines as the Sri Krishna Gold Thread Factory Ltd, and so long as the above firm remains in Mysore.

.....

G. R. S. VI—G/32]

Strictly Confidential

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, the 191 .

Section I+C

File No. 122-24

Serial No. 13

No. I.C. 7822

Date of issue 16/5/25

To P. G. D'Souza Esqr BA BL

Dr of I+C

Signed by Mr W V Francisco

Dear Sir,

Refering to correspondence ending with your letters No 245. d. 28th March 1925 & No 255. d. 18th April 25, in the matter of granting a loan to the Sree Krishna Gold Thread Factory at Bangalore on certain conditions, I am desired to inform you that it has been resolved to give the Company, a loan of Rs 25,000,

over.

repayable in two years, on the security of the plant & machinery on which the loan should be the first charge, on condition that the amount is solely used for operation expenses & not for the discharge of debts and on the further condition that the Company undertakes to train two myscreans in the secret processes of the industry. the Govt gives its assurance that they will not start or encourage the starting of a rival firm, with information thus obtained.

Pending formal sanction & issue of orders on the subject, I am to request that you may go through the necessary preliminaries in the meantime. The draft of the Agreement to be executed by the Company, on the lines above ~~of this above decision~~, ~~must be submitted to Govt for approval~~.

The matter should be treated as strictly confidential & urgent.

Yrs faithfully,

fully. to ~~Effect~~ enclosures.

Copied by

Examined by

WD
5/5

TELEGRAPHIC ADDRESS: "INDUSCOM"

In reply please refer to
No. 66.265

GOVERNMENT OF MYSORE,

DEPARTMENT OF INDUSTRIES AND COMMERCE.

OFFICE OF THE DIRECTOR,

Dated Bangalore, the 30th May 1925

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,
Director of Industries and Commerce in Mysore,
Bangalore (India).

To

The Secretary to the Government of Mysore,
Revenue Department,
Bangalore.

SIR,

With reference to your Confidential letter No. IC. 7822 I & C 122-24-13 dated the 16th May 1925, I have the honor to submit herewith the draft of an agreement which has been prepared after detailed discussion of the terms with Mons. Gaebele on behalf of the Sri Krishna Gold Thread Factory Ltd., Bangalore. Mons. Gaebele states that he does not want to take any action to convert the present private limited liability company into a public company until he is able to organise the factory fully and place it on a paying basis. Having regard to the present attitude of the investing public in general in new Joint stock concerns, I am of opinion that at present he may be allowed to go on on the basis of the private limited liability company that constitutes the concern at present but he should take an early opportunity of converting it into a public company.

As regards the utilisation of the amount, Mons. Gaebele states that it is not possible to undertake to reserve this amount entirely for future working expenses as he has to meet certain payments in connection with past working expenses, such as the salary of the Expert and bills for raw materials supplied etc. He wants to be allowed to utilise Rs. 10,000/- for meeting such claims as may be approved of by me. This may be permitted.

As regards security in addition to the machinery, the stock of

of raw materials, finished goods and the cash on hand will also be given. I have inserted an additional clause that the value of the stock of raw materials, work-in-process and finished goods together with the cash to the account of the Company should not fall below Rs. 20,000/-, so that in case it is found necessary to proceed against the Company the amount to be recovered by the sale of the machinery will be only Rs. 5,000/-. Mons. Gaebele however considers that this margin is somewhat high and requests that we may insist upon the value of raw materials etc., given as security to be equal to the amount ear-marked for working expenses i.e., Rs. 15,000/-. It is usual in the case of Banks to require a margin of about 25 to 40 per cent where a produce loan is given, and I am of opinion that the limit of Rs. 20,000/- should be insisted upon.

(2)

As regards the appointment of an Expert, Mons. Gaebele stat that his son has acquired the necessary knowledge by association with the previous expert and that he will be able to go on with the business with him. As Government have the power to call on the loan if the business is not carried on satisfactorily, this will give sufficient power to Government to interfere in case the process of manufacture is not satisfactory due to the non-employment of a good expert.

(3)

I request that early orders may be passed approving of the draft agreement submitted herewith so that the loan may be drawn early next month, as the Sri Krishna Gold Thread Factory has some urgent bills to meet by the 7th June 1925.

I have the honor to be,
Sir,
Your most obedient servant,

Director.

USC)

7 copies

Issue & Submit.

Proceedings of the Govt. of His Highness the Maharaja of Mysore.

R e a d -

Petition dated 9th September 1924, from the Sri Krishna Gold Thread Factory Ltd., requesting that a loan of Rs.50000/ may be given to them for working capital.

2. Correspondence ending with letter No.C.C. 265 dated 30th May 1925, from -- the Director of Industries and Commerce in Mysore.

Order No. I.C.147-8 ---/Stc 122-24-15 (Secret) Dated, Bangalore, 6th June 1925.

"The Sri Krishna Gold Thread Factory Ltd", is a private limited liability -- company, of which Mons. F. Gaebele is the Managing Director. The Factory is --- located in Bangalore city. It has a share capital of two lakhs of rupees, consisting of 2000 shares of Rs.100/- each. About 1860 shares have been sub-scribed for, mostly by members belonging to the family of Mons. Gaebele and a sum of Rs.106,500/- has been already collected. More than half the paid-up capital (about Rs.66,400) has been --- invested by the Company on Plant and Machinery and the balance, together with a sum of Rs.51,000/- borrowed from two share holders, has been utilised for raw materials and working expenses. Th lace-making industry is new to Mysore and the company has imported skilled

workmen from France. A ~~good part of the funds available with the Company,~~ has been invested in machinery. As the concern -- requires a large amount of working capital owing to the costliness of the raw materials used ~~are very costly~~ and the high labour charges, ~~high~~, in hand. ~~In these~~ circumstances, the Company has approached Govt. with a request for a loan of Rs.50,000/- on the security of the machinery and the reserve liability of the share holders, amounting to Rs.79,910/-.

2. The Director of I & C who was consulted, has reported that the application of the company deserves favourable consideration, as the establishment of the Lace Factory in the State will -- introduce an important and new industry which will give employment to a ~~good~~ large -- number of labourers; and has accordingly recommended the grant of a loan of Rs.30,000/- to the Company, subject to certain conditions.

3. In the circumstances, Govt. are pleased to sanction the grant of a loan of Rs.25,000/- to the company, on the security of the plant and machinery, as also the stock on hand, belonging to the company, and subject to the following conditions:-

(1) The sum of Rs.25,000/- should be used solely to provide working -- expenses to the factory and should not be utilised for the discharge of debts. A sum of Rs.10,000/- will however, be ~~sanctioned~~ allowed to be utilised, with the approval of the Director, to meet the

claims on account of salaries due to the experts and others employed by the -- factory.

(2) The company shall ~~make and furnish~~ to the Director, on requisition, such statements and returns in regard to the working of the concern as he may ~~prescribe~~ require from time to time, ~~and also~~ send, a monthly statement of the stock on hand, raw -- materials, finished stock with the cost and market value and a full description thereof, ~~as the Director may, from time to time, require.~~ and also furnish

(3) The loan will be repayable in two years from the date of the disbursement of the amount, but the borrowers will be at liberty to repay it in full or in part at their option, before the expiry of the said term.

Notwithstanding anything contained in the above ~~points~~, the Director will be at liberty to demand repayment of the loan, even before the term of two years, under certain conditions.

(4) Interest will be charged on the loan at the rate of 7 per cent per annum and will be payable half-yearly.

(5) The Company should train two Mysoreans in the secret processes of the -- industry, on the condition that Govt. will not start or encourage the starting of a rival firm in the Mysore State ~~for a period of fifteen years~~ with the information thus obtained.

19/6

To

The Director of I & C.
The Comptroller through Fl. Sectt.

19/6

Revenue Secretary.

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This instrument made this.d . . . . . day of . . . . . One Thousand Nine Hundred and Twenty-five between the Sri Krishna Gold Thread Factory, Bangalore, hereinafter called the ~~Mortgagors~~ borrowers of the one part, and the Director of Industries and Commerce on behalf of the Government of His Highness the Maharaja of Mysore, here-inafter called the ~~Mortgagee~~ lender of the other part.

WHEREAS the Government of His Highness the Maha-raja of Mysore have in their ~~letter~~ Order No. dated agreed to advance a sum of Rs. 25,000/- (Twenty Five Thousand only) to the ~~Mortgagors~~ borrowers, the Sri Krishna Gold Thread Factory Ltd., for the purposes of conducting ~~or~~ and developing their business in virtue of ~~the~~ which the ~~Mortgagors~~ borrowers are entitled to receive the aggregate sum of Rs. 25,000/-(Rupees Twenty-Five Thousand only) as a loan ~~from the mortgagee for the said purpose of conducting or developing their business~~ and whereas security for due application of the said amount of loan and for the punctual repayment of the loan is demanded by or on behalf of the ~~mortgagee~~ lender and in order to furnish such security the ~~mortgagees~~ borrowers have agreed to sign these presents -

NOW THESE PRESENTS WITNESS -

Government Order No. dated sanc-tioning the loan will be treated as part and parcel of this indenture.

1. The Government to advance in all a sum of Rs. 25,000/- to enable the Sri Krishna Gold Thread Factory to carry on the business of the concern and expand the factory.

2. This sum of Rs. 25,000/- to be used ~~mainly~~ solely to provide working expenses to the factory except to the extent of Rs. 10,000/- to meet the claims on account of salaries due

due to the Experts and others employed by the factory, also bills for material and goods supplied approved by the Director of Industries and Commerce.

3. For the sum of Rs 25,000/-, the entire machinery and plant belonging to the company shall be mortgaged to Government, all previous encumbrances, if any, being released before any amount is disbursed.

4. In addition to the plant and machinery, the entire stock of raw materials, work-in-process and finished - goods will be assigned as additional security.

5. The value of the stock of raw materials, work-in-process and finished goods together with cash to the - account of the company should at no time be less than Rs 20,000/- and should it fall below this limit, the - Director will have the power to demand immediate repay -ment of the difference between the said amount and the value of the goods assigned as security.

6. The Company shall make and furnish to the Director on requisition such statements and returns in regard to the working of the concern as he may prescribe from time to time and also send a monthly statement of the stock on hand, raw materials, finished stock with the cost and market value and a full description thereof and produce such evidence in support thereof as the Director may - from time to time require.

7. The Director shall from time to time be at liberty to have the goods deposited as aforesaid valued from time to time by deputing an Officer or other compet -ent person and the fees and expenses of such appraise-ment shall be paid by the Company.

8. The Company shall not during the continuance of this agreement pledge or otherwise charge or encumber any of

of the goods for the time being the subject or intended to be the subject of the security given to Government nor do or permit any act ~~contrary~~ whereby the security shall in anywise be prejudicially affected.

9. The Company shall at all times during the continuance of this security and so long as any money shall remain due and owing to the Director insure and keep insured all the securities to the full extent of their value against fire risks in some insurance office or offices approved by the Director and pay the premium regularly.

10. The loan will be repayable in two years from the date of the disbursement of the ~~loan~~ amount, but the borrowers will be at liberty to repay it in full or in part at their option before the expiry of the term. In case the present company is converted into a public Company, Government will reserve the power of demanding immediate repayment of the loan or transfer it to the new company on such conditions as they deem fit.

(Para 12 below may be Entered here as para 11)

11. Notwithstanding anything contained in these presents the Director will, however, be at liberty to demand repayment of the loan even before the term of two years in the following cases -

i) For breach of any of the conditions of the agreement

ii) Where the value of the goods pledged as additional security falls below the limit of Rs 20,000/- as agreed upon. In this case the Director may demand at his option only the repayment of such portion of the amount falling short of the above limit.

iii) In the event of the borrowers committing any act of insolvency within the meaning of the laws referring to insolvents for the time being or becoming or being adjudged insolvent or in the event of any distress or execution

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execution being levied or enforced upon or against any of the property of the borrowers whether the said property - shall or shall not be the subject of this security or in the event of any liquidation or the winding up of the company being likely.

v) In case the Company for any reason is not found able to carry on the business satisfactorily or continue the manufacture of goods or is being worked ~~under~~ at a continued loss of which fact Government will be the ~~sole~~ Sole judge.

12. Interest will be charged at the rate of 7 per cent per annum and will be payable half-yearly.

13. All sums payable to the Government under this agreement will be recoverable as arrears of Land Revenue and the Director will have the power in default of payment to enforce the recovery of the same by the sale of the property liable as security under the Land Revenue Code or by the adoption of other coercive measures prescribed by the Said Regulation without recourse to a Civil Court of Law.

14. The borrowers will agree to accept as conclusive proof of the correctness of any sum claimed to be due by the Director, a statement of account made out from the books of the Director and ~~required~~ signed by the Commercial Accountant or other duly authorised officer of the Department without the production of any other voucher, document or paper.

15. The Company will train two Mysoreans in the secret process of the Industry on the condition ~~that a suitable guarantee~~ to be given that ~~such persons~~ Govt. will not start or encourage the starting of a rival firm in the Mysore State ~~for a period of fifteen years~~ with the information thus obtained.

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Proceedings of the Govt. of H.H.
the Maharaja of Mysore.

R e a d -

(Flag 'Q') Petition dated 9th September 1924, from the Sri Krishna Gold Thread Factory Ltd., requesting that a ~~sum~~ loan of Rs.50,000/- may be given to them for working capital.

(Flag 'P') 2. Correspondence ending with letter No.C.C. 265 dated 30th May 1925, from the Director of Industries and Commerce in Mysore.

Order No.

Dated, Camp Mysore, June 192

"The Sri Krishna Gold Thread Factory Ltd" is a private limited liability -- company, of which Mons. F. Gaebele is -- Managing Director. The factory is locat in Bangalore city. It has a share capit of two lakhs of rupees, consisting of 2000 shares of Rs.100/- each. About 1860 shares have been subscribed for, mostly by members belonging to the family of Mons. Gaebele and a sum of Rs.106,500/- has been already collected. More than half the paid-up capital (about Rs.66,400) has been invested by the Company, on -- Plant and Machinery and the balance, together with a sum of Rs.51,000/- borrowed from two share holders, has been utilised for raw materials and working expenses. The lace-making industry is new to Mysore and the Company have imported skilled --

workmen from France. Owing to the locking up of a considerable portion of the capital in the form of finished goods, the Company has run short of funds and been unable to find the money for working expenses. A good part of the funds available with the Company has been invested in machinery. The concern requires a large amount of working capital as the raw materials used are very costly and the labour charges high. In these circumstances, the Company has approached Govt., with a request for a loan of Rs.50,000/- on the security of the machinery and the reserve liability of the share holders, amounting to Rs.79,910/-

2. The Director of Industries and Commerce who was consulted, has reported that the company deserves to be given some temporary assistance, and that the company offers as security, raw materials, finished stock on hand and plant and machinery, of the total value of Rs.67,800/- after releasing the properties from the existing encumbrances, with the help of the loan now asked for, by then, and that the machinery is worth more than the loan amount. He adds that the art of making gold lace is a secret known only to the French, and that, though the promoters, who are mostly Frenchmen, were offered special facilities by the Government of Baroda for opening the factory in that State, they

~~have preferred to open it in Bangalore;~~ ~~and that~~ the establishment of the ~~case~~ factory in the State will introduce an important and new industry which will give employment to a good number of labourers. ~~He~~ recommends ~~that, a~~ loan of Rs.30,000/- may-be-sanctioned subject to the following conditions:-

(i) The Company should undertake to float a public limited liability company and ~~keep~~ at least one third of the total number of shares to the -- Mysore public for a fixed period;

(ii) The assets of the present company should be transferred to the new company at current market rates ~~with~~ the existing loans ~~written off~~;

(iii) The company should engage the services of a competent expert and -- employ, as far as possible local labour.

(iv) The Govt. should have the first charge on the machinery and the reserve share capital;

(v) Monthly balance sheets should be submitted to the Director of F & C, who should have the option of calling in the Govt. loan, in case of continued losses;

(vi) There should be a Government Director on the Board, till the loan is discharged; and

(vii) The Company should train one or two Mysoreans in the business, subject to certain guarantees regarding the preservation of the secret of the industry.

~~In the circumstances, Govt. accept~~ ~~with the recommendations of the~~ Director ~~and accordingly direct~~ that the industry is ~~one which deserves to be encouraged -- and accordingly direct~~ that a loan of Rs.25,000/- ~~be sanctione~~ to the Company, on the security of the plant ~~machinery as also the stock, further~~ subject to the following conditions:-

1. The sum of Rs.25,000/- ~~be~~ used ~~mainly~~ to provide working expenses to the factory ~~except to the extent~~ of ~~Rs.10,000/-~~ to meet the claims on -- account of salaries due to the Experts and others employed by the factory,

bills for material and goods supplied, ~~approved by the Director of I & C.~~

2. For the sum of Rs.25,000/-, the entire machinery and plant belonging to the company shall be pledged to Govt. all previous encumbrances, if any, being released before any amount is disbursed.

3. In addition to the plant and machinery, the entire stock of raw materials, work-in-process and finished goods ~~will~~ be assigned as additional security.

4. The value of the stock of raw materials, work-in-process and finished goods together with cash to the account of the company should at no time be less than Rs.20,000/- and should it fall below this limit, the Director will have the power to demand immediate repayment of the difference between the said amount and the value of the goods assigned as security.

5. The company shall make and furnish to the Director on requisition such statements and returns in regard to the working of the concern as he may prescribe from time to ~~time~~time and also send a monthly statement of the stock on hand, raw -- materials, finished stock with the cost and market value and a full description thereof, as the Director may, from time to time require.

6. The Director shall, ~~from time to time~~ be at liberty to have the goods deposited as aforesaid, valued from time to time, by deputing an Officer or other competent person and the fees and expenses of such appraisement shall be paid by the Company.

7. The Company shall not during the continuance of this pledge ~~or otherwise~~, charge or encumber any of the goods for the time being, the subject or intended to be the subject of the security given to Govt. nor do or permit any act whereby the security shall in anywise be prejudicially affected.

8. The Company shall, at all times during the continuance of this security, and so long as any money shall remain due and owing to the Director insure and keep insured, all the securities to the full extent of their value, against fire risks in some insurance office or offices approved by the Director and pay the premium regularly.

9. The loan will be repayable in two years from the date of the disbursement of the amount, but the borrowers will be at liberty to repay it in full or in part at their option before the expiry of the term. Arrangements should be made to float the concern into a public limited

liability company, by the 1st October 1926. ~~As soon as this is done~~, Govt. will reserve the power of demanding immediate repayment of the loan or transfermit to the new -- company on such conditions as they deem fit, at the time of such conversion.

10. Notwithstanding anything contained in the ~~agreement~~ the Director will, ~~however~~, be at liberty to demand repayment of the loan, even before the term of two years, ~~in the following cases~~ circumstances : — above

i) For breach of any of the conditions ~~of this agreement~~

ii) Where the value of the goods pledged as additional security falls below the limit of Rs. 20,000/- as agreed upon. In this case the Director may demand at his option only the repayment of such portion of the amount falling short of the above limit.

iii) In the event of the borrowers -- committing any act of insolvency within the meaning of the laws referring to insolvents for the time being or becoming or being adjudged insolvent or in the event of any distress or execution being levied or enforced upon or against any of the property of the borrowers whether the said -- property shall or shall not be the subject of this security or in the event of any liquidation or the winding up of the company being likely.

In case the Company for any reason is not found able to carry on the -- business satisfactorily or continue the manufacture of goods or is being worked at a continued loss, of which fact Govt. will be the sole judge.

11. Interest will be charged on the loan at the rate of 7 per cent per annum and will be payable half-yearly.

12. All sums payable to the Govt. ~~under his agreement~~ will be recoverable as -- arrears of Land Revenue and the Director will have the power, on default of payment, to enforce the recovery of the same by the sale of the property liable as security, -- ~~under the Land Revenue Code or by the said regulation without recourse to a civil court of law.~~

13. The borrowers shall agree to accept as conclusive proof of the correctness of any sum claimed to be due by the Director, a statement of account made out from the books of the Director and signed by the Commercial Accountant or other duly authorised officer of the Department, without the production of any other voucher, document or paper.

.t.

to themselves,

SM

This may be deleted as in Condition 4 above

This may appear in the agreement & not in this order

To cover. Yes

67

5 Sheets

14. The Company ~~will~~ train two Mysoreans in the secret process of the Industry on the condition that Govt. ~~guarantee that such persons~~ will not start or encourage the starting of a rival firm in the Mysore State for a period of fifteen years with the information thus obtained.

~~Secretary~~

15/6

~~HD~~ 12/6

REVENUE SECRETARY.

The Director is requested to submit for the approval of Govt a revised draft agreement embodying the conditions set forth in this order

To

The Director of Industries and Commerce.

The Comptroller to Govt. through Financial Secretariat.

13

Proceedings of the Government of His Highness.

the Maharaja of Mysore.

Read -

Petition dated 9th September 1924, from the Sri Krishna Gold Thread Factory Ltd., requesting, that a loan of Rs.50,000/- may be given to them, for working capital.

2. Correspondence ending with letter No.C.C.265 dated 30th May 1925 from the Director of Industries and Commerce in Mysore.

Order No.I.C.147-8/I & C 122-24-15

Dated, Bangalore, 4th July 1925.

"The Sri Krishna Gold Thread Factory Ltd., " is a private limited liability company, of which Mons. F. Gaebele is the Managing Director. The Factory is located in Bangalore City. It has a share capital of two lakhs of rupees, consisting of 2000 shares of Rs.100/- each. About 1860 shares have been subscribed for, mostly by members belonging to the family of Mon. Gaebele and a sum of Rs 106,500/- has been already collected. More than half the paid-up capital (about Rs.66,400) has been invested by the Company on Plant and Machinery and the balance together with a sum of Rs 51,000/- borrowed from two share holders, has been utilised for raw materials and working expenses. The lace making industry is new to Mysore and the Company has imported skilled workmen from France. As the concern requires a large amount of working capital owing to the costliness of the raw materials used, and the high labour charges to be paid, the Company has approached Government with a request for a loan of Rs.50,000/- on the security of the machinery and the reserve liability of the shareholders, amounting to Rs.79,910.

2. The

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2. The Director of Industries and Commerce who was consulted, has reported that the application of the Company deserves favourable consideration, as the establishment of the lace ~~xxx~~ factory in the State ~~xxx~~ will introduce an important and new industry which will give employment to a large number of labourers; and he has accordingly recommended the grant of a loan of Rs.30,000/- to the Company, subject to certain conditions.

In the circumstances, Government are pleased to sanction the grant of a loan of Rs.25,000/- to the Company, on the securit of the plant and machinery, as also the stock on hand, belonging to the Company, and subject to the following conditions.

(1) The sum of Rs.25,000/- should be used solely to provide working expenses to the factory and should not be utilised for the discharge of debts.

(2) The Company shall send to the Director a monthly statement of the stock on hand, raw materials, finished stock with the cost and market value and a full description thereof, and it shall also furnish to the Director, on requisition, such statements and returns in regard to the working of the concern as he may require from time to time.

(3) The loan will be repayable in two years from the date of the disbursement of the amount, but the borrowers will be at liberty to repay it in full or in part at their option, before the expiry of the said term.

(4) The interest will be charged on the loan at the rate of 7 per cent per annum and will be repayable half yearly.

(5) The Company should train two Mysoreans in the secret processes of the industry, on the condition that Government will not start or encourage the starting of a rival firm in the Mysore State, with the information thus obtained.

3. The draft form of agreement to be entered into with the Company which was received with the Director's letter No.C.C.265 dated

30th May 1925 is revised and approved as appended to this order.

for Secretary to Government,
Revenue Department
in charge.

To

The Director of Industries and Commerce in Mysore.

The Comptroller to Government, through Financial Sectt.

ACH. 3.

This instrument made this . . . . . day of . . . . . One Thousand Nine Hundred and Twenty-five, between the Sri Krishna Gold Tread Factory, Bangalore, hereinafter called the Borrowers of the one part, and the Director of Industries and Commerce on behalf of the Government of His Highness the Maharaja of Mysore, hereinafter called the Lender of the other part.

WHEREAS the Government of His Highness the Maharaja of Mysore have in their Order No. dated agreed to advance a sum of Rs.25,000/- (Twenty-five thousand only) as a loan and whereas security for due application of the said amount of loan and for the punctual repayment of the loan id demanded by or on behalf of the Lender and in order to furnish such security the Borrowers have agreed to sign these presents. -

Now these presents witness. -

Government Order No. Dated sanctioning the loan will be treated as part and parcel of this indenture.

1. The Government to advance in all a sum of Rs.25,000/- to enable the Sri Krishna Gold Thread Factory to carry on the business of the concern and expand the Factory.

2. This sum of Rs.25,000/- to be used solely to provide working expenses to the factory and not to be utilised for the discharge of debts.

3. The entire machinery and plant belonging to the Company shall be pledged to Government as security for the loan of Rs.25,000/- all previous encumbrances, if any, being released before any amount is disbursed.

4. In addition to the plant and machinery, the entire stock of raw materials. work-in-process and finished goods will be assigned as additional security.

5. The value of the stock of raw materials, work-in-process and finished goods together with cash to the account

of the Company should at no time be less than Rs.20,000/- and should it fall below this limit, the Director will have the power to demand immediate repayment of the difference between the said amount and the value of the goods assigned as security.

6. The Director shall from time to time be at liberty to have the goods deposited as aforesaid valued from time to time by deputing an officer or other competent person and the fees and expenses of such appraisement shall be paid by the Company.

7. The Company shall make and furnish to the Director on requisition such statements and returns in regard to the working of the concern as he may prescribe from time to time and also send a monthly statement of the stock on hand, raw materials, finished stock with the cost and market value and a full description thereof and produce such evidence in support thereof as the Director may from time to time require.

8 The Company shall not during the continuance of this agreement pledge or otherwise charge or encumber any of the goods for the time being the subject or intended to be the subject of the security given to Government nor do or permit any act whereby the security shall in anywise be prejudicially affected.

9. The Company shall be at all times during the continuance of this security and so long as any money shall remain due and owing to the Director insure and keep insured all the securities to the full extent of their value against fire risks in some insurance office or offices approved by the Director and pay the premium regularly.

10- The loan will be repayable in two years from the date of the disbursement of the amount, but the borrowers will be at liberty to repay it in full or in part at their option before the expiry of the term. In case the present company is converted into

a public Company, Government will reserve the power of demanding immediate repayment of the loan or transfer it to the new Company on such conditions as they deem fit.

11. Interest will be charged at the rate of 7 per cent per annum and will be payable half yearly.

12. Notwithstanding anything contained in these presents the Director will, however, be at liberty to demand repayment of the loan even before the term of two years in the following cases:-

(i) For breach of any of the conditions of the agreement.

(ii) Where the value of the good pledged as additional security falls below the limit of Rs.20,000 as agreed upon. In this case the Director may demand at his option only the repaymat of such portion of the amount falling short of the above limit.

(iii) In the event of the borrowers committing any act of insolvency within the meaning of the laws referring to insolvents for the time being or becoming or being adjudged insolvent or in the event of any distress or execution being levied or enforced upon or against any of the property of the borrowers whether the said property shall or shall not be the subject of this security or in the event of any liquidation or the winding up of the Company being likely.

(iv) In case the Company for any reason is not found able to carry on the business satisfactorily or continue the manufacture of goods or is being worked at a continued loss of which fact Government will be the sole judge.

13. All sums payable to the Government under this agreement will be recoverable as arrears of Land Revenue and the Director will have the power in default

of payment to enforce the recovery of the same by the sale of the property liable as security under the Land Revenue Code or by the adoption of other coercive measures prescribed by the said Regulation without recourse to a Civil Court of Law.

14. The borrowers will agree to accept as conclusive proof of the correctness of any sum claimed to be due by the Director, a statement of account made out from the books of the Director and signed by the Commercial Accountant or other duly authorised officer of the Department without the production of any other voucher, document or paper.

15. The Company will train two Mysoreans deputed by Government in the secret processes of the Industry on the condition that Government will not start or encourage the starting of a rival firm in the Mysore State with the information thus obtained.

Approved

for Secretary to Government,
Revenue Department,
In charge.